

# SB4057



## 102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

SB4057

Introduced 1/21/2022, by Sen. Ram Villivalam

### SYNOPSIS AS INTRODUCED:

35 ILCS 105/3-5  
35 ILCS 110/3-5  
35 ILCS 115/3-5  
35 ILCS 120/2-5

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that diapers, baby wipes, and infant formula are exempt from the taxes imposed under the Acts.

LRB102 23669 HLH 32851 b

A BILL FOR

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Use Tax Act is amended by changing Section  
5 3-5 as follows:

6 (35 ILCS 105/3-5)

7 Sec. 3-5. Exemptions. Use of the following tangible  
8 personal property is exempt from the tax imposed by this Act:

9 (1) Personal property purchased from a corporation,  
10 society, association, foundation, institution, or  
11 organization, other than a limited liability company, that is  
12 organized and operated as a not-for-profit service enterprise  
13 for the benefit of persons 65 years of age or older if the  
14 personal property was not purchased by the enterprise for the  
15 purpose of resale by the enterprise.

16 (2) Personal property purchased by a not-for-profit  
17 Illinois county fair association for use in conducting,  
18 operating, or promoting the county fair.

19 (3) Personal property purchased by a not-for-profit arts  
20 or cultural organization that establishes, by proof required  
21 by the Department by rule, that it has received an exemption  
22 under Section 501(c)(3) of the Internal Revenue Code and that  
23 is organized and operated primarily for the presentation or

1 support of arts or cultural programming, activities, or  
2 services. These organizations include, but are not limited to,  
3 music and dramatic arts organizations such as symphony  
4 orchestras and theatrical groups, arts and cultural service  
5 organizations, local arts councils, visual arts organizations,  
6 and media arts organizations. On and after July 1, 2001 (the  
7 effective date of Public Act 92-35), however, an entity  
8 otherwise eligible for this exemption shall not make tax-free  
9 purchases unless it has an active identification number issued  
10 by the Department.

11 (4) Personal property purchased by a governmental body, by  
12 a corporation, society, association, foundation, or  
13 institution organized and operated exclusively for charitable,  
14 religious, or educational purposes, or by a not-for-profit  
15 corporation, society, association, foundation, institution, or  
16 organization that has no compensated officers or employees and  
17 that is organized and operated primarily for the recreation of  
18 persons 55 years of age or older. A limited liability company  
19 may qualify for the exemption under this paragraph only if the  
20 limited liability company is organized and operated  
21 exclusively for educational purposes. On and after July 1,  
22 1987, however, no entity otherwise eligible for this exemption  
23 shall make tax-free purchases unless it has an active  
24 exemption identification number issued by the Department.

25 (5) Until July 1, 2003, a passenger car that is a  
26 replacement vehicle to the extent that the purchase price of

1 the car is subject to the Replacement Vehicle Tax.

2 (6) Until July 1, 2003 and beginning again on September 1,  
3 2004 through August 30, 2014, graphic arts machinery and  
4 equipment, including repair and replacement parts, both new  
5 and used, and including that manufactured on special order,  
6 certified by the purchaser to be used primarily for graphic  
7 arts production, and including machinery and equipment  
8 purchased for lease. Equipment includes chemicals or chemicals  
9 acting as catalysts but only if the chemicals or chemicals  
10 acting as catalysts effect a direct and immediate change upon  
11 a graphic arts product. Beginning on July 1, 2017, graphic  
12 arts machinery and equipment is included in the manufacturing  
13 and assembling machinery and equipment exemption under  
14 paragraph (18).

15 (7) Farm chemicals.

16 (8) Legal tender, currency, medallions, or gold or silver  
17 coinage issued by the State of Illinois, the government of the  
18 United States of America, or the government of any foreign  
19 country, and bullion.

20 (9) Personal property purchased from a teacher-sponsored  
21 student organization affiliated with an elementary or  
22 secondary school located in Illinois.

23 (10) A motor vehicle that is used for automobile renting,  
24 as defined in the Automobile Renting Occupation and Use Tax  
25 Act.

26 (11) Farm machinery and equipment, both new and used,

1 including that manufactured on special order, certified by the  
2 purchaser to be used primarily for production agriculture or  
3 State or federal agricultural programs, including individual  
4 replacement parts for the machinery and equipment, including  
5 machinery and equipment purchased for lease, and including  
6 implements of husbandry defined in Section 1-130 of the  
7 Illinois Vehicle Code, farm machinery and agricultural  
8 chemical and fertilizer spreaders, and nurse wagons required  
9 to be registered under Section 3-809 of the Illinois Vehicle  
10 Code, but excluding other motor vehicles required to be  
11 registered under the Illinois Vehicle Code. Horticultural  
12 polyhouses or hoop houses used for propagating, growing, or  
13 overwintering plants shall be considered farm machinery and  
14 equipment under this item (11). Agricultural chemical tender  
15 tanks and dry boxes shall include units sold separately from a  
16 motor vehicle required to be licensed and units sold mounted  
17 on a motor vehicle required to be licensed if the selling price  
18 of the tender is separately stated.

19 Farm machinery and equipment shall include precision  
20 farming equipment that is installed or purchased to be  
21 installed on farm machinery and equipment including, but not  
22 limited to, tractors, harvesters, sprayers, planters, seeders,  
23 or spreaders. Precision farming equipment includes, but is not  
24 limited to, soil testing sensors, computers, monitors,  
25 software, global positioning and mapping systems, and other  
26 such equipment.

1 Farm machinery and equipment also includes computers,  
2 sensors, software, and related equipment used primarily in the  
3 computer-assisted operation of production agriculture  
4 facilities, equipment, and activities such as, but not limited  
5 to, the collection, monitoring, and correlation of animal and  
6 crop data for the purpose of formulating animal diets and  
7 agricultural chemicals. This item (11) is exempt from the  
8 provisions of Section 3-90.

9 (12) Until June 30, 2013, fuel and petroleum products sold  
10 to or used by an air common carrier, certified by the carrier  
11 to be used for consumption, shipment, or storage in the  
12 conduct of its business as an air common carrier, for a flight  
13 destined for or returning from a location or locations outside  
14 the United States without regard to previous or subsequent  
15 domestic stopovers.

16 Beginning July 1, 2013, fuel and petroleum products sold  
17 to or used by an air carrier, certified by the carrier to be  
18 used for consumption, shipment, or storage in the conduct of  
19 its business as an air common carrier, for a flight that (i) is  
20 engaged in foreign trade or is engaged in trade between the  
21 United States and any of its possessions and (ii) transports  
22 at least one individual or package for hire from the city of  
23 origination to the city of final destination on the same  
24 aircraft, without regard to a change in the flight number of  
25 that aircraft.

26 (13) Proceeds of mandatory service charges separately

1 stated on customers' bills for the purchase and consumption of  
2 food and beverages purchased at retail from a retailer, to the  
3 extent that the proceeds of the service charge are in fact  
4 turned over as tips or as a substitute for tips to the  
5 employees who participate directly in preparing, serving,  
6 hosting or cleaning up the food or beverage function with  
7 respect to which the service charge is imposed.

8 (14) Until July 1, 2003, oil field exploration, drilling,  
9 and production equipment, including (i) rigs and parts of  
10 rigs, rotary rigs, cable tool rigs, and workover rigs, (ii)  
11 pipe and tubular goods, including casing and drill strings,  
12 (iii) pumps and pump-jack units, (iv) storage tanks and flow  
13 lines, (v) any individual replacement part for oil field  
14 exploration, drilling, and production equipment, and (vi)  
15 machinery and equipment purchased for lease; but excluding  
16 motor vehicles required to be registered under the Illinois  
17 Vehicle Code.

18 (15) Photoprocessing machinery and equipment, including  
19 repair and replacement parts, both new and used, including  
20 that manufactured on special order, certified by the purchaser  
21 to be used primarily for photoprocessing, and including  
22 photoprocessing machinery and equipment purchased for lease.

23 (16) Until July 1, 2023, coal and aggregate exploration,  
24 mining, off-highway hauling, processing, maintenance, and  
25 reclamation equipment, including replacement parts and  
26 equipment, and including equipment purchased for lease, but

1 excluding motor vehicles required to be registered under the  
2 Illinois Vehicle Code. The changes made to this Section by  
3 Public Act 97-767 apply on and after July 1, 2003, but no claim  
4 for credit or refund is allowed on or after August 16, 2013  
5 (the effective date of Public Act 98-456) for such taxes paid  
6 during the period beginning July 1, 2003 and ending on August  
7 16, 2013 (the effective date of Public Act 98-456).

8 (17) Until July 1, 2003, distillation machinery and  
9 equipment, sold as a unit or kit, assembled or installed by the  
10 retailer, certified by the user to be used only for the  
11 production of ethyl alcohol that will be used for consumption  
12 as motor fuel or as a component of motor fuel for the personal  
13 use of the user, and not subject to sale or resale.

14 (18) Manufacturing and assembling machinery and equipment  
15 used primarily in the process of manufacturing or assembling  
16 tangible personal property for wholesale or retail sale or  
17 lease, whether that sale or lease is made directly by the  
18 manufacturer or by some other person, whether the materials  
19 used in the process are owned by the manufacturer or some other  
20 person, or whether that sale or lease is made apart from or as  
21 an incident to the seller's engaging in the service occupation  
22 of producing machines, tools, dies, jigs, patterns, gauges, or  
23 other similar items of no commercial value on special order  
24 for a particular purchaser. The exemption provided by this  
25 paragraph (18) includes production related tangible personal  
26 property, as defined in Section 3-50, purchased on or after



1 July 1, 2019. The exemption provided by this paragraph (18)  
2 does not include machinery and equipment used in (i) the  
3 generation of electricity for wholesale or retail sale; (ii)  
4 the generation or treatment of natural or artificial gas for  
5 wholesale or retail sale that is delivered to customers  
6 through pipes, pipelines, or mains; or (iii) the treatment of  
7 water for wholesale or retail sale that is delivered to  
8 customers through pipes, pipelines, or mains. The provisions  
9 of Public Act 98-583 are declaratory of existing law as to the  
10 meaning and scope of this exemption. Beginning on July 1,  
11 2017, the exemption provided by this paragraph (18) includes,  
12 but is not limited to, graphic arts machinery and equipment,  
13 as defined in paragraph (6) of this Section.

14 (19) Personal property delivered to a purchaser or  
15 purchaser's donee inside Illinois when the purchase order for  
16 that personal property was received by a florist located  
17 outside Illinois who has a florist located inside Illinois  
18 deliver the personal property.

19 (20) Semen used for artificial insemination of livestock  
20 for direct agricultural production.

21 (21) Horses, or interests in horses, registered with and  
22 meeting the requirements of any of the Arabian Horse Club  
23 Registry of America, Appaloosa Horse Club, American Quarter  
24 Horse Association, United States Trotting Association, or  
25 Jockey Club, as appropriate, used for purposes of breeding or  
26 racing for prizes. This item (21) is exempt from the

1 provisions of Section 3-90, and the exemption provided for  
2 under this item (21) applies for all periods beginning May 30,  
3 1995, but no claim for credit or refund is allowed on or after  
4 January 1, 2008 for such taxes paid during the period  
5 beginning May 30, 2000 and ending on January 1, 2008.

6 (22) Computers and communications equipment utilized for  
7 any hospital purpose and equipment used in the diagnosis,  
8 analysis, or treatment of hospital patients purchased by a  
9 lessor who leases the equipment, under a lease of one year or  
10 longer executed or in effect at the time the lessor would  
11 otherwise be subject to the tax imposed by this Act, to a  
12 hospital that has been issued an active tax exemption  
13 identification number by the Department under Section 1g of  
14 the Retailers' Occupation Tax Act. If the equipment is leased  
15 in a manner that does not qualify for this exemption or is used  
16 in any other non-exempt manner, the lessor shall be liable for  
17 the tax imposed under this Act or the Service Use Tax Act, as  
18 the case may be, based on the fair market value of the property  
19 at the time the non-qualifying use occurs. No lessor shall  
20 collect or attempt to collect an amount (however designated)  
21 that purports to reimburse that lessor for the tax imposed by  
22 this Act or the Service Use Tax Act, as the case may be, if the  
23 tax has not been paid by the lessor. If a lessor improperly  
24 collects any such amount from the lessee, the lessee shall  
25 have a legal right to claim a refund of that amount from the  
26 lessor. If, however, that amount is not refunded to the lessee

1 for any reason, the lessor is liable to pay that amount to the  
2 Department.

3 (23) Personal property purchased by a lessor who leases  
4 the property, under a lease of one year or longer executed or  
5 in effect at the time the lessor would otherwise be subject to  
6 the tax imposed by this Act, to a governmental body that has  
7 been issued an active sales tax exemption identification  
8 number by the Department under Section 1g of the Retailers'  
9 Occupation Tax Act. If the property is leased in a manner that  
10 does not qualify for this exemption or used in any other  
11 non-exempt manner, the lessor shall be liable for the tax  
12 imposed under this Act or the Service Use Tax Act, as the case  
13 may be, based on the fair market value of the property at the  
14 time the non-qualifying use occurs. No lessor shall collect or  
15 attempt to collect an amount (however designated) that  
16 purports to reimburse that lessor for the tax imposed by this  
17 Act or the Service Use Tax Act, as the case may be, if the tax  
18 has not been paid by the lessor. If a lessor improperly  
19 collects any such amount from the lessee, the lessee shall  
20 have a legal right to claim a refund of that amount from the  
21 lessor. If, however, that amount is not refunded to the lessee  
22 for any reason, the lessor is liable to pay that amount to the  
23 Department.

24 (24) Beginning with taxable years ending on or after  
25 December 31, 1995 and ending with taxable years ending on or  
26 before December 31, 2004, personal property that is donated

1 for disaster relief to be used in a State or federally declared  
2 disaster area in Illinois or bordering Illinois by a  
3 manufacturer or retailer that is registered in this State to a  
4 corporation, society, association, foundation, or institution  
5 that has been issued a sales tax exemption identification  
6 number by the Department that assists victims of the disaster  
7 who reside within the declared disaster area.

8 (25) Beginning with taxable years ending on or after  
9 December 31, 1995 and ending with taxable years ending on or  
10 before December 31, 2004, personal property that is used in  
11 the performance of infrastructure repairs in this State,  
12 including but not limited to municipal roads and streets,  
13 access roads, bridges, sidewalks, waste disposal systems,  
14 water and sewer line extensions, water distribution and  
15 purification facilities, storm water drainage and retention  
16 facilities, and sewage treatment facilities, resulting from a  
17 State or federally declared disaster in Illinois or bordering  
18 Illinois when such repairs are initiated on facilities located  
19 in the declared disaster area within 6 months after the  
20 disaster.

21 (26) Beginning July 1, 1999, game or game birds purchased  
22 at a "game breeding and hunting preserve area" as that term is  
23 used in the Wildlife Code. This paragraph is exempt from the  
24 provisions of Section 3-90.

25 (27) A motor vehicle, as that term is defined in Section  
26 1-146 of the Illinois Vehicle Code, that is donated to a

1 corporation, limited liability company, society, association,  
2 foundation, or institution that is determined by the  
3 Department to be organized and operated exclusively for  
4 educational purposes. For purposes of this exemption, "a  
5 corporation, limited liability company, society, association,  
6 foundation, or institution organized and operated exclusively  
7 for educational purposes" means all tax-supported public  
8 schools, private schools that offer systematic instruction in  
9 useful branches of learning by methods common to public  
10 schools and that compare favorably in their scope and  
11 intensity with the course of study presented in tax-supported  
12 schools, and vocational or technical schools or institutes  
13 organized and operated exclusively to provide a course of  
14 study of not less than 6 weeks duration and designed to prepare  
15 individuals to follow a trade or to pursue a manual,  
16 technical, mechanical, industrial, business, or commercial  
17 occupation.

18 (28) Beginning January 1, 2000, personal property,  
19 including food, purchased through fundraising events for the  
20 benefit of a public or private elementary or secondary school,  
21 a group of those schools, or one or more school districts if  
22 the events are sponsored by an entity recognized by the school  
23 district that consists primarily of volunteers and includes  
24 parents and teachers of the school children. This paragraph  
25 does not apply to fundraising events (i) for the benefit of  
26 private home instruction or (ii) for which the fundraising

1 entity purchases the personal property sold at the events from  
2 another individual or entity that sold the property for the  
3 purpose of resale by the fundraising entity and that profits  
4 from the sale to the fundraising entity. This paragraph is  
5 exempt from the provisions of Section 3-90.

6 (29) Beginning January 1, 2000 and through December 31,  
7 2001, new or used automatic vending machines that prepare and  
8 serve hot food and beverages, including coffee, soup, and  
9 other items, and replacement parts for these machines.  
10 Beginning January 1, 2002 and through June 30, 2003, machines  
11 and parts for machines used in commercial, coin-operated  
12 amusement and vending business if a use or occupation tax is  
13 paid on the gross receipts derived from the use of the  
14 commercial, coin-operated amusement and vending machines. This  
15 paragraph is exempt from the provisions of Section 3-90.

16 (30) Beginning January 1, 2001 and through June 30, 2016,  
17 food for human consumption that is to be consumed off the  
18 premises where it is sold (other than alcoholic beverages,  
19 soft drinks, and food that has been prepared for immediate  
20 consumption) and prescription and nonprescription medicines,  
21 drugs, medical appliances, and insulin, urine testing  
22 materials, syringes, and needles used by diabetics, for human  
23 use, when purchased for use by a person receiving medical  
24 assistance under Article V of the Illinois Public Aid Code who  
25 resides in a licensed long-term care facility, as defined in  
26 the Nursing Home Care Act, or in a licensed facility as defined

1 in the ID/DD Community Care Act, the MC/DD Act, or the  
2 Specialized Mental Health Rehabilitation Act of 2013.

3 (31) Beginning on August 2, 2001 (the effective date of  
4 Public Act 92-227), computers and communications equipment  
5 utilized for any hospital purpose and equipment used in the  
6 diagnosis, analysis, or treatment of hospital patients  
7 purchased by a lessor who leases the equipment, under a lease  
8 of one year or longer executed or in effect at the time the  
9 lessor would otherwise be subject to the tax imposed by this  
10 Act, to a hospital that has been issued an active tax exemption  
11 identification number by the Department under Section 1g of  
12 the Retailers' Occupation Tax Act. If the equipment is leased  
13 in a manner that does not qualify for this exemption or is used  
14 in any other nonexempt manner, the lessor shall be liable for  
15 the tax imposed under this Act or the Service Use Tax Act, as  
16 the case may be, based on the fair market value of the property  
17 at the time the nonqualifying use occurs. No lessor shall  
18 collect or attempt to collect an amount (however designated)  
19 that purports to reimburse that lessor for the tax imposed by  
20 this Act or the Service Use Tax Act, as the case may be, if the  
21 tax has not been paid by the lessor. If a lessor improperly  
22 collects any such amount from the lessee, the lessee shall  
23 have a legal right to claim a refund of that amount from the  
24 lessor. If, however, that amount is not refunded to the lessee  
25 for any reason, the lessor is liable to pay that amount to the  
26 Department. This paragraph is exempt from the provisions of

1 Section 3-90.

2 (32) Beginning on August 2, 2001 (the effective date of  
3 Public Act 92-227), personal property purchased by a lessor  
4 who leases the property, under a lease of one year or longer  
5 executed or in effect at the time the lessor would otherwise be  
6 subject to the tax imposed by this Act, to a governmental body  
7 that has been issued an active sales tax exemption  
8 identification number by the Department under Section 1g of  
9 the Retailers' Occupation Tax Act. If the property is leased  
10 in a manner that does not qualify for this exemption or used in  
11 any other nonexempt manner, the lessor shall be liable for the  
12 tax imposed under this Act or the Service Use Tax Act, as the  
13 case may be, based on the fair market value of the property at  
14 the time the nonqualifying use occurs. No lessor shall collect  
15 or attempt to collect an amount (however designated) that  
16 purports to reimburse that lessor for the tax imposed by this  
17 Act or the Service Use Tax Act, as the case may be, if the tax  
18 has not been paid by the lessor. If a lessor improperly  
19 collects any such amount from the lessee, the lessee shall  
20 have a legal right to claim a refund of that amount from the  
21 lessor. If, however, that amount is not refunded to the lessee  
22 for any reason, the lessor is liable to pay that amount to the  
23 Department. This paragraph is exempt from the provisions of  
24 Section 3-90.

25 (33) On and after July 1, 2003 and through June 30, 2004,  
26 the use in this State of motor vehicles of the second division



1 with a gross vehicle weight in excess of 8,000 pounds and that  
2 are subject to the commercial distribution fee imposed under  
3 Section 3-815.1 of the Illinois Vehicle Code. Beginning on  
4 July 1, 2004 and through June 30, 2005, the use in this State  
5 of motor vehicles of the second division: (i) with a gross  
6 vehicle weight rating in excess of 8,000 pounds; (ii) that are  
7 subject to the commercial distribution fee imposed under  
8 Section 3-815.1 of the Illinois Vehicle Code; and (iii) that  
9 are primarily used for commercial purposes. Through June 30,  
10 2005, this exemption applies to repair and replacement parts  
11 added after the initial purchase of such a motor vehicle if  
12 that motor vehicle is used in a manner that would qualify for  
13 the rolling stock exemption otherwise provided for in this  
14 Act. For purposes of this paragraph, the term "used for  
15 commercial purposes" means the transportation of persons or  
16 property in furtherance of any commercial or industrial  
17 enterprise, whether for-hire or not.

18 (34) Beginning January 1, 2008, tangible personal property  
19 used in the construction or maintenance of a community water  
20 supply, as defined under Section 3.145 of the Environmental  
21 Protection Act, that is operated by a not-for-profit  
22 corporation that holds a valid water supply permit issued  
23 under Title IV of the Environmental Protection Act. This  
24 paragraph is exempt from the provisions of Section 3-90.

25 (35) Beginning January 1, 2010 and continuing through  
26 December 31, 2024, materials, parts, equipment, components,

1 and furnishings incorporated into or upon an aircraft as part  
2 of the modification, refurbishment, completion, replacement,  
3 repair, or maintenance of the aircraft. This exemption  
4 includes consumable supplies used in the modification,  
5 refurbishment, completion, replacement, repair, and  
6 maintenance of aircraft, but excludes any materials, parts,  
7 equipment, components, and consumable supplies used in the  
8 modification, replacement, repair, and maintenance of aircraft  
9 engines or power plants, whether such engines or power plants  
10 are installed or uninstalled upon any such aircraft.  
11 "Consumable supplies" include, but are not limited to,  
12 adhesive, tape, sandpaper, general purpose lubricants,  
13 cleaning solution, latex gloves, and protective films. This  
14 exemption applies only to the use of qualifying tangible  
15 personal property by persons who modify, refurbish, complete,  
16 repair, replace, or maintain aircraft and who (i) hold an Air  
17 Agency Certificate and are empowered to operate an approved  
18 repair station by the Federal Aviation Administration, (ii)  
19 have a Class IV Rating, and (iii) conduct operations in  
20 accordance with Part 145 of the Federal Aviation Regulations.  
21 The exemption does not include aircraft operated by a  
22 commercial air carrier providing scheduled passenger air  
23 service pursuant to authority issued under Part 121 or Part  
24 129 of the Federal Aviation Regulations. The changes made to  
25 this paragraph (35) by Public Act 98-534 are declarative of  
26 existing law. It is the intent of the General Assembly that the

1 exemption under this paragraph (35) applies continuously from  
2 January 1, 2010 through December 31, 2024; however, no claim  
3 for credit or refund is allowed for taxes paid as a result of  
4 the disallowance of this exemption on or after January 1, 2015  
5 and prior to the effective date of this amendatory Act of the  
6 101st General Assembly.

7 (36) Tangible personal property purchased by a  
8 public-facilities corporation, as described in Section  
9 11-65-10 of the Illinois Municipal Code, for purposes of  
10 constructing or furnishing a municipal convention hall, but  
11 only if the legal title to the municipal convention hall is  
12 transferred to the municipality without any further  
13 consideration by or on behalf of the municipality at the time  
14 of the completion of the municipal convention hall or upon the  
15 retirement or redemption of any bonds or other debt  
16 instruments issued by the public-facilities corporation in  
17 connection with the development of the municipal convention  
18 hall. This exemption includes existing public-facilities  
19 corporations as provided in Section 11-65-25 of the Illinois  
20 Municipal Code. This paragraph is exempt from the provisions  
21 of Section 3-90.

22 (37) Beginning January 1, 2017 and through December 31,  
23 2026, menstrual pads, tampons, and menstrual cups.

24 (38) Merchandise that is subject to the Rental Purchase  
25 Agreement Occupation and Use Tax. The purchaser must certify  
26 that the item is purchased to be rented subject to a rental

1 purchase agreement, as defined in the Rental Purchase  
2 Agreement Act, and provide proof of registration under the  
3 Rental Purchase Agreement Occupation and Use Tax Act. This  
4 paragraph is exempt from the provisions of Section 3-90.

5 (39) Tangible personal property purchased by a purchaser  
6 who is exempt from the tax imposed by this Act by operation of  
7 federal law. This paragraph is exempt from the provisions of  
8 Section 3-90.

9 (40) Qualified tangible personal property used in the  
10 construction or operation of a data center that has been  
11 granted a certificate of exemption by the Department of  
12 Commerce and Economic Opportunity, whether that tangible  
13 personal property is purchased by the owner, operator, or  
14 tenant of the data center or by a contractor or subcontractor  
15 of the owner, operator, or tenant. Data centers that would  
16 have qualified for a certificate of exemption prior to January  
17 1, 2020 had Public Act 101-31 been in effect may apply for and  
18 obtain an exemption for subsequent purchases of computer  
19 equipment or enabling software purchased or leased to upgrade,  
20 supplement, or replace computer equipment or enabling software  
21 purchased or leased in the original investment that would have  
22 qualified.

23 The Department of Commerce and Economic Opportunity shall  
24 grant a certificate of exemption under this item (40) to  
25 qualified data centers as defined by Section 605-1025 of the  
26 Department of Commerce and Economic Opportunity Law of the

1 Civil Administrative Code of Illinois.

2 For the purposes of this item (40):

3 "Data center" means a building or a series of  
4 buildings rehabilitated or constructed to house working  
5 servers in one physical location or multiple sites within  
6 the State of Illinois.

7 "Qualified tangible personal property" means:  
8 electrical systems and equipment; climate control and  
9 chilling equipment and systems; mechanical systems and  
10 equipment; monitoring and secure systems; emergency  
11 generators; hardware; computers; servers; data storage  
12 devices; network connectivity equipment; racks; cabinets;  
13 telecommunications cabling infrastructure; raised floor  
14 systems; peripheral components or systems; software;  
15 mechanical, electrical, or plumbing systems; battery  
16 systems; cooling systems and towers; temperature control  
17 systems; other cabling; and other data center  
18 infrastructure equipment and systems necessary to operate  
19 qualified tangible personal property, including fixtures;  
20 and component parts of any of the foregoing, including  
21 installation, maintenance, repair, refurbishment, and  
22 replacement of qualified tangible personal property to  
23 generate, transform, transmit, distribute, or manage  
24 electricity necessary to operate qualified tangible  
25 personal property; and all other tangible personal  
26 property that is essential to the operations of a computer

1 data center. The term "qualified tangible personal  
2 property" also includes building materials physically  
3 incorporated in to the qualifying data center. To document  
4 the exemption allowed under this Section, the retailer  
5 must obtain from the purchaser a copy of the certificate  
6 of eligibility issued by the Department of Commerce and  
7 Economic Opportunity.

8 This item (40) is exempt from the provisions of Section  
9 3-90.

10 (41) Diapers, baby wipes, and infant formula. This item  
11 (41) is exempt from the provisions of Section 3-90.

12 (Source: P.A. 101-9, eff. 6-5-19; 101-31, eff. 6-28-19;  
13 101-81, eff. 7-12-19; 101-629, eff. 2-5-20; 102-16, eff.  
14 6-17-21.)

15 Section 10. The Service Use Tax Act is amended by changing  
16 Section 3-5 as follows:

17 (35 ILCS 110/3-5)

18 Sec. 3-5. Exemptions. Use of the following tangible  
19 personal property is exempt from the tax imposed by this Act:

20 (1) Personal property purchased from a corporation,  
21 society, association, foundation, institution, or  
22 organization, other than a limited liability company, that is  
23 organized and operated as a not-for-profit service enterprise  
24 for the benefit of persons 65 years of age or older if the

1 personal property was not purchased by the enterprise for the  
2 purpose of resale by the enterprise.

3 (2) Personal property purchased by a non-profit Illinois  
4 county fair association for use in conducting, operating, or  
5 promoting the county fair.

6 (3) Personal property purchased by a not-for-profit arts  
7 or cultural organization that establishes, by proof required  
8 by the Department by rule, that it has received an exemption  
9 under Section 501(c)(3) of the Internal Revenue Code and that  
10 is organized and operated primarily for the presentation or  
11 support of arts or cultural programming, activities, or  
12 services. These organizations include, but are not limited to,  
13 music and dramatic arts organizations such as symphony  
14 orchestras and theatrical groups, arts and cultural service  
15 organizations, local arts councils, visual arts organizations,  
16 and media arts organizations. On and after July 1, 2001 (the  
17 effective date of Public Act 92-35), however, an entity  
18 otherwise eligible for this exemption shall not make tax-free  
19 purchases unless it has an active identification number issued  
20 by the Department.

21 (4) Legal tender, currency, medallions, or gold or silver  
22 coinage issued by the State of Illinois, the government of the  
23 United States of America, or the government of any foreign  
24 country, and bullion.

25 (5) Until July 1, 2003 and beginning again on September 1,  
26 2004 through August 30, 2014, graphic arts machinery and

1 equipment, including repair and replacement parts, both new  
2 and used, and including that manufactured on special order or  
3 purchased for lease, certified by the purchaser to be used  
4 primarily for graphic arts production. Equipment includes  
5 chemicals or chemicals acting as catalysts but only if the  
6 chemicals or chemicals acting as catalysts effect a direct and  
7 immediate change upon a graphic arts product. Beginning on  
8 July 1, 2017, graphic arts machinery and equipment is included  
9 in the manufacturing and assembling machinery and equipment  
10 exemption under Section 2 of this Act.

11 (6) Personal property purchased from a teacher-sponsored  
12 student organization affiliated with an elementary or  
13 secondary school located in Illinois.

14 (7) Farm machinery and equipment, both new and used,  
15 including that manufactured on special order, certified by the  
16 purchaser to be used primarily for production agriculture or  
17 State or federal agricultural programs, including individual  
18 replacement parts for the machinery and equipment, including  
19 machinery and equipment purchased for lease, and including  
20 implements of husbandry defined in Section 1-130 of the  
21 Illinois Vehicle Code, farm machinery and agricultural  
22 chemical and fertilizer spreaders, and nurse wagons required  
23 to be registered under Section 3-809 of the Illinois Vehicle  
24 Code, but excluding other motor vehicles required to be  
25 registered under the Illinois Vehicle Code. Horticultural  
26 polyhouses or hoop houses used for propagating, growing, or



1 overwintering plants shall be considered farm machinery and  
2 equipment under this item (7). Agricultural chemical tender  
3 tanks and dry boxes shall include units sold separately from a  
4 motor vehicle required to be licensed and units sold mounted  
5 on a motor vehicle required to be licensed if the selling price  
6 of the tender is separately stated.

7 Farm machinery and equipment shall include precision  
8 farming equipment that is installed or purchased to be  
9 installed on farm machinery and equipment including, but not  
10 limited to, tractors, harvesters, sprayers, planters, seeders,  
11 or spreaders. Precision farming equipment includes, but is not  
12 limited to, soil testing sensors, computers, monitors,  
13 software, global positioning and mapping systems, and other  
14 such equipment.

15 Farm machinery and equipment also includes computers,  
16 sensors, software, and related equipment used primarily in the  
17 computer-assisted operation of production agriculture  
18 facilities, equipment, and activities such as, but not limited  
19 to, the collection, monitoring, and correlation of animal and  
20 crop data for the purpose of formulating animal diets and  
21 agricultural chemicals. This item (7) is exempt from the  
22 provisions of Section 3-75.

23 (8) Until June 30, 2013, fuel and petroleum products sold  
24 to or used by an air common carrier, certified by the carrier  
25 to be used for consumption, shipment, or storage in the  
26 conduct of its business as an air common carrier, for a flight

1 destined for or returning from a location or locations outside  
2 the United States without regard to previous or subsequent  
3 domestic stopovers.

4 Beginning July 1, 2013, fuel and petroleum products sold  
5 to or used by an air carrier, certified by the carrier to be  
6 used for consumption, shipment, or storage in the conduct of  
7 its business as an air common carrier, for a flight that (i) is  
8 engaged in foreign trade or is engaged in trade between the  
9 United States and any of its possessions and (ii) transports  
10 at least one individual or package for hire from the city of  
11 origination to the city of final destination on the same  
12 aircraft, without regard to a change in the flight number of  
13 that aircraft.

14 (9) Proceeds of mandatory service charges separately  
15 stated on customers' bills for the purchase and consumption of  
16 food and beverages acquired as an incident to the purchase of a  
17 service from a serviceman, to the extent that the proceeds of  
18 the service charge are in fact turned over as tips or as a  
19 substitute for tips to the employees who participate directly  
20 in preparing, serving, hosting or cleaning up the food or  
21 beverage function with respect to which the service charge is  
22 imposed.

23 (10) Until July 1, 2003, oil field exploration, drilling,  
24 and production equipment, including (i) rigs and parts of  
25 rigs, rotary rigs, cable tool rigs, and workover rigs, (ii)  
26 pipe and tubular goods, including casing and drill strings,

1 (iii) pumps and pump-jack units, (iv) storage tanks and flow  
2 lines, (v) any individual replacement part for oil field  
3 exploration, drilling, and production equipment, and (vi)  
4 machinery and equipment purchased for lease; but excluding  
5 motor vehicles required to be registered under the Illinois  
6 Vehicle Code.

7 (11) Proceeds from the sale of photoprocessing machinery  
8 and equipment, including repair and replacement parts, both  
9 new and used, including that manufactured on special order,  
10 certified by the purchaser to be used primarily for  
11 photoprocessing, and including photoprocessing machinery and  
12 equipment purchased for lease.

13 (12) Until July 1, 2023, coal and aggregate exploration,  
14 mining, off-highway hauling, processing, maintenance, and  
15 reclamation equipment, including replacement parts and  
16 equipment, and including equipment purchased for lease, but  
17 excluding motor vehicles required to be registered under the  
18 Illinois Vehicle Code. The changes made to this Section by  
19 Public Act 97-767 apply on and after July 1, 2003, but no claim  
20 for credit or refund is allowed on or after August 16, 2013  
21 (the effective date of Public Act 98-456) for such taxes paid  
22 during the period beginning July 1, 2003 and ending on August  
23 16, 2013 (the effective date of Public Act 98-456).

24 (13) Semen used for artificial insemination of livestock  
25 for direct agricultural production.

26 (14) Horses, or interests in horses, registered with and

1 meeting the requirements of any of the Arabian Horse Club  
2 Registry of America, Appaloosa Horse Club, American Quarter  
3 Horse Association, United States Trotting Association, or  
4 Jockey Club, as appropriate, used for purposes of breeding or  
5 racing for prizes. This item (14) is exempt from the  
6 provisions of Section 3-75, and the exemption provided for  
7 under this item (14) applies for all periods beginning May 30,  
8 1995, but no claim for credit or refund is allowed on or after  
9 January 1, 2008 (the effective date of Public Act 95-88) for  
10 such taxes paid during the period beginning May 30, 2000 and  
11 ending on January 1, 2008 (the effective date of Public Act  
12 95-88).

13 (15) Computers and communications equipment utilized for  
14 any hospital purpose and equipment used in the diagnosis,  
15 analysis, or treatment of hospital patients purchased by a  
16 lessor who leases the equipment, under a lease of one year or  
17 longer executed or in effect at the time the lessor would  
18 otherwise be subject to the tax imposed by this Act, to a  
19 hospital that has been issued an active tax exemption  
20 identification number by the Department under Section 1g of  
21 the Retailers' Occupation Tax Act. If the equipment is leased  
22 in a manner that does not qualify for this exemption or is used  
23 in any other non-exempt manner, the lessor shall be liable for  
24 the tax imposed under this Act or the Use Tax Act, as the case  
25 may be, based on the fair market value of the property at the  
26 time the non-qualifying use occurs. No lessor shall collect or

1 attempt to collect an amount (however designated) that  
2 purports to reimburse that lessor for the tax imposed by this  
3 Act or the Use Tax Act, as the case may be, if the tax has not  
4 been paid by the lessor. If a lessor improperly collects any  
5 such amount from the lessee, the lessee shall have a legal  
6 right to claim a refund of that amount from the lessor. If,  
7 however, that amount is not refunded to the lessee for any  
8 reason, the lessor is liable to pay that amount to the  
9 Department.

10 (16) Personal property purchased by a lessor who leases  
11 the property, under a lease of one year or longer executed or  
12 in effect at the time the lessor would otherwise be subject to  
13 the tax imposed by this Act, to a governmental body that has  
14 been issued an active tax exemption identification number by  
15 the Department under Section 1g of the Retailers' Occupation  
16 Tax Act. If the property is leased in a manner that does not  
17 qualify for this exemption or is used in any other non-exempt  
18 manner, the lessor shall be liable for the tax imposed under  
19 this Act or the Use Tax Act, as the case may be, based on the  
20 fair market value of the property at the time the  
21 non-qualifying use occurs. No lessor shall collect or attempt  
22 to collect an amount (however designated) that purports to  
23 reimburse that lessor for the tax imposed by this Act or the  
24 Use Tax Act, as the case may be, if the tax has not been paid  
25 by the lessor. If a lessor improperly collects any such amount  
26 from the lessee, the lessee shall have a legal right to claim a

1 refund of that amount from the lessor. If, however, that  
2 amount is not refunded to the lessee for any reason, the lessor  
3 is liable to pay that amount to the Department.

4 (17) Beginning with taxable years ending on or after  
5 December 31, 1995 and ending with taxable years ending on or  
6 before December 31, 2004, personal property that is donated  
7 for disaster relief to be used in a State or federally declared  
8 disaster area in Illinois or bordering Illinois by a  
9 manufacturer or retailer that is registered in this State to a  
10 corporation, society, association, foundation, or institution  
11 that has been issued a sales tax exemption identification  
12 number by the Department that assists victims of the disaster  
13 who reside within the declared disaster area.

14 (18) Beginning with taxable years ending on or after  
15 December 31, 1995 and ending with taxable years ending on or  
16 before December 31, 2004, personal property that is used in  
17 the performance of infrastructure repairs in this State,  
18 including but not limited to municipal roads and streets,  
19 access roads, bridges, sidewalks, waste disposal systems,  
20 water and sewer line extensions, water distribution and  
21 purification facilities, storm water drainage and retention  
22 facilities, and sewage treatment facilities, resulting from a  
23 State or federally declared disaster in Illinois or bordering  
24 Illinois when such repairs are initiated on facilities located  
25 in the declared disaster area within 6 months after the  
26 disaster.

1           (19) Beginning July 1, 1999, game or game birds purchased  
2 at a "game breeding and hunting preserve area" as that term is  
3 used in the Wildlife Code. This paragraph is exempt from the  
4 provisions of Section 3-75.

5           (20) A motor vehicle, as that term is defined in Section  
6 1-146 of the Illinois Vehicle Code, that is donated to a  
7 corporation, limited liability company, society, association,  
8 foundation, or institution that is determined by the  
9 Department to be organized and operated exclusively for  
10 educational purposes. For purposes of this exemption, "a  
11 corporation, limited liability company, society, association,  
12 foundation, or institution organized and operated exclusively  
13 for educational purposes" means all tax-supported public  
14 schools, private schools that offer systematic instruction in  
15 useful branches of learning by methods common to public  
16 schools and that compare favorably in their scope and  
17 intensity with the course of study presented in tax-supported  
18 schools, and vocational or technical schools or institutes  
19 organized and operated exclusively to provide a course of  
20 study of not less than 6 weeks duration and designed to prepare  
21 individuals to follow a trade or to pursue a manual,  
22 technical, mechanical, industrial, business, or commercial  
23 occupation.

24           (21) Beginning January 1, 2000, personal property,  
25 including food, purchased through fundraising events for the  
26 benefit of a public or private elementary or secondary school,

1 a group of those schools, or one or more school districts if  
2 the events are sponsored by an entity recognized by the school  
3 district that consists primarily of volunteers and includes  
4 parents and teachers of the school children. This paragraph  
5 does not apply to fundraising events (i) for the benefit of  
6 private home instruction or (ii) for which the fundraising  
7 entity purchases the personal property sold at the events from  
8 another individual or entity that sold the property for the  
9 purpose of resale by the fundraising entity and that profits  
10 from the sale to the fundraising entity. This paragraph is  
11 exempt from the provisions of Section 3-75.

12 (22) Beginning January 1, 2000 and through December 31,  
13 2001, new or used automatic vending machines that prepare and  
14 serve hot food and beverages, including coffee, soup, and  
15 other items, and replacement parts for these machines.  
16 Beginning January 1, 2002 and through June 30, 2003, machines  
17 and parts for machines used in commercial, coin-operated  
18 amusement and vending business if a use or occupation tax is  
19 paid on the gross receipts derived from the use of the  
20 commercial, coin-operated amusement and vending machines. This  
21 paragraph is exempt from the provisions of Section 3-75.

22 (23) Beginning August 23, 2001 and through June 30, 2016,  
23 food for human consumption that is to be consumed off the  
24 premises where it is sold (other than alcoholic beverages,  
25 soft drinks, and food that has been prepared for immediate  
26 consumption) and prescription and nonprescription medicines,



1 drugs, medical appliances, and insulin, urine testing  
2 materials, syringes, and needles used by diabetics, for human  
3 use, when purchased for use by a person receiving medical  
4 assistance under Article V of the Illinois Public Aid Code who  
5 resides in a licensed long-term care facility, as defined in  
6 the Nursing Home Care Act, or in a licensed facility as defined  
7 in the ID/DD Community Care Act, the MC/DD Act, or the  
8 Specialized Mental Health Rehabilitation Act of 2013.

9 (24) Beginning on August 2, 2001 (the effective date of  
10 Public Act 92-227), computers and communications equipment  
11 utilized for any hospital purpose and equipment used in the  
12 diagnosis, analysis, or treatment of hospital patients  
13 purchased by a lessor who leases the equipment, under a lease  
14 of one year or longer executed or in effect at the time the  
15 lessor would otherwise be subject to the tax imposed by this  
16 Act, to a hospital that has been issued an active tax exemption  
17 identification number by the Department under Section 1g of  
18 the Retailers' Occupation Tax Act. If the equipment is leased  
19 in a manner that does not qualify for this exemption or is used  
20 in any other nonexempt manner, the lessor shall be liable for  
21 the tax imposed under this Act or the Use Tax Act, as the case  
22 may be, based on the fair market value of the property at the  
23 time the nonqualifying use occurs. No lessor shall collect or  
24 attempt to collect an amount (however designated) that  
25 purports to reimburse that lessor for the tax imposed by this  
26 Act or the Use Tax Act, as the case may be, if the tax has not

1 been paid by the lessor. If a lessor improperly collects any  
2 such amount from the lessee, the lessee shall have a legal  
3 right to claim a refund of that amount from the lessor. If,  
4 however, that amount is not refunded to the lessee for any  
5 reason, the lessor is liable to pay that amount to the  
6 Department. This paragraph is exempt from the provisions of  
7 Section 3-75.

8 (25) Beginning on August 2, 2001 (the effective date of  
9 Public Act 92-227), personal property purchased by a lessor  
10 who leases the property, under a lease of one year or longer  
11 executed or in effect at the time the lessor would otherwise be  
12 subject to the tax imposed by this Act, to a governmental body  
13 that has been issued an active tax exemption identification  
14 number by the Department under Section 1g of the Retailers'  
15 Occupation Tax Act. If the property is leased in a manner that  
16 does not qualify for this exemption or is used in any other  
17 nonexempt manner, the lessor shall be liable for the tax  
18 imposed under this Act or the Use Tax Act, as the case may be,  
19 based on the fair market value of the property at the time the  
20 nonqualifying use occurs. No lessor shall collect or attempt  
21 to collect an amount (however designated) that purports to  
22 reimburse that lessor for the tax imposed by this Act or the  
23 Use Tax Act, as the case may be, if the tax has not been paid  
24 by the lessor. If a lessor improperly collects any such amount  
25 from the lessee, the lessee shall have a legal right to claim a  
26 refund of that amount from the lessor. If, however, that

1 amount is not refunded to the lessee for any reason, the lessor  
2 is liable to pay that amount to the Department. This paragraph  
3 is exempt from the provisions of Section 3-75.

4 (26) Beginning January 1, 2008, tangible personal property  
5 used in the construction or maintenance of a community water  
6 supply, as defined under Section 3.145 of the Environmental  
7 Protection Act, that is operated by a not-for-profit  
8 corporation that holds a valid water supply permit issued  
9 under Title IV of the Environmental Protection Act. This  
10 paragraph is exempt from the provisions of Section 3-75.

11 (27) Beginning January 1, 2010 and continuing through  
12 December 31, 2024, materials, parts, equipment, components,  
13 and furnishings incorporated into or upon an aircraft as part  
14 of the modification, refurbishment, completion, replacement,  
15 repair, or maintenance of the aircraft. This exemption  
16 includes consumable supplies used in the modification,  
17 refurbishment, completion, replacement, repair, and  
18 maintenance of aircraft, but excludes any materials, parts,  
19 equipment, components, and consumable supplies used in the  
20 modification, replacement, repair, and maintenance of aircraft  
21 engines or power plants, whether such engines or power plants  
22 are installed or uninstalled upon any such aircraft.  
23 "Consumable supplies" include, but are not limited to,  
24 adhesive, tape, sandpaper, general purpose lubricants,  
25 cleaning solution, latex gloves, and protective films. This  
26 exemption applies only to the use of qualifying tangible

1 personal property transferred incident to the modification,  
2 refurbishment, completion, replacement, repair, or maintenance  
3 of aircraft by persons who (i) hold an Air Agency Certificate  
4 and are empowered to operate an approved repair station by the  
5 Federal Aviation Administration, (ii) have a Class IV Rating,  
6 and (iii) conduct operations in accordance with Part 145 of  
7 the Federal Aviation Regulations. The exemption does not  
8 include aircraft operated by a commercial air carrier  
9 providing scheduled passenger air service pursuant to  
10 authority issued under Part 121 or Part 129 of the Federal  
11 Aviation Regulations. The changes made to this paragraph (27)  
12 by Public Act 98-534 are declarative of existing law. It is the  
13 intent of the General Assembly that the exemption under this  
14 paragraph (27) applies continuously from January 1, 2010  
15 through December 31, 2024; however, no claim for credit or  
16 refund is allowed for taxes paid as a result of the  
17 disallowance of this exemption on or after January 1, 2015 and  
18 prior to the effective date of this amendatory Act of the 101st  
19 General Assembly.

20 (28) Tangible personal property purchased by a  
21 public-facilities corporation, as described in Section  
22 11-65-10 of the Illinois Municipal Code, for purposes of  
23 constructing or furnishing a municipal convention hall, but  
24 only if the legal title to the municipal convention hall is  
25 transferred to the municipality without any further  
26 consideration by or on behalf of the municipality at the time

1 of the completion of the municipal convention hall or upon the  
2 retirement or redemption of any bonds or other debt  
3 instruments issued by the public-facilities corporation in  
4 connection with the development of the municipal convention  
5 hall. This exemption includes existing public-facilities  
6 corporations as provided in Section 11-65-25 of the Illinois  
7 Municipal Code. This paragraph is exempt from the provisions  
8 of Section 3-75.

9 (29) Beginning January 1, 2017 and through December 31,  
10 2026, menstrual pads, tampons, and menstrual cups.

11 (30) Tangible personal property transferred to a purchaser  
12 who is exempt from the tax imposed by this Act by operation of  
13 federal law. This paragraph is exempt from the provisions of  
14 Section 3-75.

15 (31) Qualified tangible personal property used in the  
16 construction or operation of a data center that has been  
17 granted a certificate of exemption by the Department of  
18 Commerce and Economic Opportunity, whether that tangible  
19 personal property is purchased by the owner, operator, or  
20 tenant of the data center or by a contractor or subcontractor  
21 of the owner, operator, or tenant. Data centers that would  
22 have qualified for a certificate of exemption prior to January  
23 1, 2020 had this amendatory Act of the 101st General Assembly  
24 been in effect, may apply for and obtain an exemption for  
25 subsequent purchases of computer equipment or enabling  
26 software purchased or leased to upgrade, supplement, or

1 replace computer equipment or enabling software purchased or  
2 leased in the original investment that would have qualified.

3 The Department of Commerce and Economic Opportunity shall  
4 grant a certificate of exemption under this item (31) to  
5 qualified data centers as defined by Section 605-1025 of the  
6 Department of Commerce and Economic Opportunity Law of the  
7 Civil Administrative Code of Illinois.

8 For the purposes of this item (31):

9 "Data center" means a building or a series of  
10 buildings rehabilitated or constructed to house working  
11 servers in one physical location or multiple sites within  
12 the State of Illinois.

13 "Qualified tangible personal property" means:  
14 electrical systems and equipment; climate control and  
15 chilling equipment and systems; mechanical systems and  
16 equipment; monitoring and secure systems; emergency  
17 generators; hardware; computers; servers; data storage  
18 devices; network connectivity equipment; racks; cabinets;  
19 telecommunications cabling infrastructure; raised floor  
20 systems; peripheral components or systems; software;  
21 mechanical, electrical, or plumbing systems; battery  
22 systems; cooling systems and towers; temperature control  
23 systems; other cabling; and other data center  
24 infrastructure equipment and systems necessary to operate  
25 qualified tangible personal property, including fixtures;  
26 and component parts of any of the foregoing, including

1 installation, maintenance, repair, refurbishment, and  
2 replacement of qualified tangible personal property to  
3 generate, transform, transmit, distribute, or manage  
4 electricity necessary to operate qualified tangible  
5 personal property; and all other tangible personal  
6 property that is essential to the operations of a computer  
7 data center. The term "qualified tangible personal  
8 property" also includes building materials physically  
9 incorporated in to the qualifying data center. To document  
10 the exemption allowed under this Section, the retailer  
11 must obtain from the purchaser a copy of the certificate  
12 of eligibility issued by the Department of Commerce and  
13 Economic Opportunity.

14 This item (31) is exempt from the provisions of Section  
15 3-75.

16 (32) Diapers, baby wipes, and infant formula. This item  
17 (32) is exempt from the provisions of Section 3-75.

18 (Source: P.A. 101-31, eff. 6-28-19; 101-81, eff. 7-12-19;  
19 101-629, eff. 2-5-20; 102-16, eff. 6-17-21.)

20 Section 15. The Service Occupation Tax Act is amended by  
21 changing Section 3-5 as follows:

22 (35 ILCS 115/3-5)

23 Sec. 3-5. Exemptions. The following tangible personal  
24 property is exempt from the tax imposed by this Act:

1           (1) Personal property sold by a corporation, society,  
2 association, foundation, institution, or organization, other  
3 than a limited liability company, that is organized and  
4 operated as a not-for-profit service enterprise for the  
5 benefit of persons 65 years of age or older if the personal  
6 property was not purchased by the enterprise for the purpose  
7 of resale by the enterprise.

8           (2) Personal property purchased by a not-for-profit  
9 Illinois county fair association for use in conducting,  
10 operating, or promoting the county fair.

11           (3) Personal property purchased by any not-for-profit arts  
12 or cultural organization that establishes, by proof required  
13 by the Department by rule, that it has received an exemption  
14 under Section 501(c)(3) of the Internal Revenue Code and that  
15 is organized and operated primarily for the presentation or  
16 support of arts or cultural programming, activities, or  
17 services. These organizations include, but are not limited to,  
18 music and dramatic arts organizations such as symphony  
19 orchestras and theatrical groups, arts and cultural service  
20 organizations, local arts councils, visual arts organizations,  
21 and media arts organizations. On and after July 1, 2001 (the  
22 effective date of Public Act 92-35), however, an entity  
23 otherwise eligible for this exemption shall not make tax-free  
24 purchases unless it has an active identification number issued  
25 by the Department.

26           (4) Legal tender, currency, medallions, or gold or silver



1 coinage issued by the State of Illinois, the government of the  
2 United States of America, or the government of any foreign  
3 country, and bullion.

4 (5) Until July 1, 2003 and beginning again on September 1,  
5 2004 through August 30, 2014, graphic arts machinery and  
6 equipment, including repair and replacement parts, both new  
7 and used, and including that manufactured on special order or  
8 purchased for lease, certified by the purchaser to be used  
9 primarily for graphic arts production. Equipment includes  
10 chemicals or chemicals acting as catalysts but only if the  
11 chemicals or chemicals acting as catalysts effect a direct and  
12 immediate change upon a graphic arts product. Beginning on  
13 July 1, 2017, graphic arts machinery and equipment is included  
14 in the manufacturing and assembling machinery and equipment  
15 exemption under Section 2 of this Act.

16 (6) Personal property sold by a teacher-sponsored student  
17 organization affiliated with an elementary or secondary school  
18 located in Illinois.

19 (7) Farm machinery and equipment, both new and used,  
20 including that manufactured on special order, certified by the  
21 purchaser to be used primarily for production agriculture or  
22 State or federal agricultural programs, including individual  
23 replacement parts for the machinery and equipment, including  
24 machinery and equipment purchased for lease, and including  
25 implements of husbandry defined in Section 1-130 of the  
26 Illinois Vehicle Code, farm machinery and agricultural

1 chemical and fertilizer spreaders, and nurse wagons required  
2 to be registered under Section 3-809 of the Illinois Vehicle  
3 Code, but excluding other motor vehicles required to be  
4 registered under the Illinois Vehicle Code. Horticultural  
5 polyhouses or hoop houses used for propagating, growing, or  
6 overwintering plants shall be considered farm machinery and  
7 equipment under this item (7). Agricultural chemical tender  
8 tanks and dry boxes shall include units sold separately from a  
9 motor vehicle required to be licensed and units sold mounted  
10 on a motor vehicle required to be licensed if the selling price  
11 of the tender is separately stated.

12 Farm machinery and equipment shall include precision  
13 farming equipment that is installed or purchased to be  
14 installed on farm machinery and equipment including, but not  
15 limited to, tractors, harvesters, sprayers, planters, seeders,  
16 or spreaders. Precision farming equipment includes, but is not  
17 limited to, soil testing sensors, computers, monitors,  
18 software, global positioning and mapping systems, and other  
19 such equipment.

20 Farm machinery and equipment also includes computers,  
21 sensors, software, and related equipment used primarily in the  
22 computer-assisted operation of production agriculture  
23 facilities, equipment, and activities such as, but not limited  
24 to, the collection, monitoring, and correlation of animal and  
25 crop data for the purpose of formulating animal diets and  
26 agricultural chemicals. This item (7) is exempt from the

1 provisions of Section 3-55.

2 (8) Until June 30, 2013, fuel and petroleum products sold  
3 to or used by an air common carrier, certified by the carrier  
4 to be used for consumption, shipment, or storage in the  
5 conduct of its business as an air common carrier, for a flight  
6 destined for or returning from a location or locations outside  
7 the United States without regard to previous or subsequent  
8 domestic stopovers.

9 Beginning July 1, 2013, fuel and petroleum products sold  
10 to or used by an air carrier, certified by the carrier to be  
11 used for consumption, shipment, or storage in the conduct of  
12 its business as an air common carrier, for a flight that (i) is  
13 engaged in foreign trade or is engaged in trade between the  
14 United States and any of its possessions and (ii) transports  
15 at least one individual or package for hire from the city of  
16 origination to the city of final destination on the same  
17 aircraft, without regard to a change in the flight number of  
18 that aircraft.

19 (9) Proceeds of mandatory service charges separately  
20 stated on customers' bills for the purchase and consumption of  
21 food and beverages, to the extent that the proceeds of the  
22 service charge are in fact turned over as tips or as a  
23 substitute for tips to the employees who participate directly  
24 in preparing, serving, hosting or cleaning up the food or  
25 beverage function with respect to which the service charge is  
26 imposed.

1           (10) Until July 1, 2003, oil field exploration, drilling,  
2 and production equipment, including (i) rigs and parts of  
3 rigs, rotary rigs, cable tool rigs, and workover rigs, (ii)  
4 pipe and tubular goods, including casing and drill strings,  
5 (iii) pumps and pump-jack units, (iv) storage tanks and flow  
6 lines, (v) any individual replacement part for oil field  
7 exploration, drilling, and production equipment, and (vi)  
8 machinery and equipment purchased for lease; but excluding  
9 motor vehicles required to be registered under the Illinois  
10 Vehicle Code.

11           (11) Photoprocessing machinery and equipment, including  
12 repair and replacement parts, both new and used, including  
13 that manufactured on special order, certified by the purchaser  
14 to be used primarily for photoprocessing, and including  
15 photoprocessing machinery and equipment purchased for lease.

16           (12) Until July 1, 2023, coal and aggregate exploration,  
17 mining, off-highway hauling, processing, maintenance, and  
18 reclamation equipment, including replacement parts and  
19 equipment, and including equipment purchased for lease, but  
20 excluding motor vehicles required to be registered under the  
21 Illinois Vehicle Code. The changes made to this Section by  
22 Public Act 97-767 apply on and after July 1, 2003, but no claim  
23 for credit or refund is allowed on or after August 16, 2013  
24 (the effective date of Public Act 98-456) for such taxes paid  
25 during the period beginning July 1, 2003 and ending on August  
26 16, 2013 (the effective date of Public Act 98-456).

1           (13) Beginning January 1, 1992 and through June 30, 2016,  
2 food for human consumption that is to be consumed off the  
3 premises where it is sold (other than alcoholic beverages,  
4 soft drinks and food that has been prepared for immediate  
5 consumption) and prescription and non-prescription medicines,  
6 drugs, medical appliances, and insulin, urine testing  
7 materials, syringes, and needles used by diabetics, for human  
8 use, when purchased for use by a person receiving medical  
9 assistance under Article V of the Illinois Public Aid Code who  
10 resides in a licensed long-term care facility, as defined in  
11 the Nursing Home Care Act, or in a licensed facility as defined  
12 in the ID/DD Community Care Act, the MC/DD Act, or the  
13 Specialized Mental Health Rehabilitation Act of 2013.

14           (14) Semen used for artificial insemination of livestock  
15 for direct agricultural production.

16           (15) Horses, or interests in horses, registered with and  
17 meeting the requirements of any of the Arabian Horse Club  
18 Registry of America, Appaloosa Horse Club, American Quarter  
19 Horse Association, United States Trotting Association, or  
20 Jockey Club, as appropriate, used for purposes of breeding or  
21 racing for prizes. This item (15) is exempt from the  
22 provisions of Section 3-55, and the exemption provided for  
23 under this item (15) applies for all periods beginning May 30,  
24 1995, but no claim for credit or refund is allowed on or after  
25 January 1, 2008 (the effective date of Public Act 95-88) for  
26 such taxes paid during the period beginning May 30, 2000 and

1 ending on January 1, 2008 (the effective date of Public Act  
2 95-88).

3 (16) Computers and communications equipment utilized for  
4 any hospital purpose and equipment used in the diagnosis,  
5 analysis, or treatment of hospital patients sold to a lessor  
6 who leases the equipment, under a lease of one year or longer  
7 executed or in effect at the time of the purchase, to a  
8 hospital that has been issued an active tax exemption  
9 identification number by the Department under Section 1g of  
10 the Retailers' Occupation Tax Act.

11 (17) Personal property sold to a lessor who leases the  
12 property, under a lease of one year or longer executed or in  
13 effect at the time of the purchase, to a governmental body that  
14 has been issued an active tax exemption identification number  
15 by the Department under Section 1g of the Retailers'  
16 Occupation Tax Act.

17 (18) Beginning with taxable years ending on or after  
18 December 31, 1995 and ending with taxable years ending on or  
19 before December 31, 2004, personal property that is donated  
20 for disaster relief to be used in a State or federally declared  
21 disaster area in Illinois or bordering Illinois by a  
22 manufacturer or retailer that is registered in this State to a  
23 corporation, society, association, foundation, or institution  
24 that has been issued a sales tax exemption identification  
25 number by the Department that assists victims of the disaster  
26 who reside within the declared disaster area.

1           (19) Beginning with taxable years ending on or after  
2           December 31, 1995 and ending with taxable years ending on or  
3           before December 31, 2004, personal property that is used in  
4           the performance of infrastructure repairs in this State,  
5           including but not limited to municipal roads and streets,  
6           access roads, bridges, sidewalks, waste disposal systems,  
7           water and sewer line extensions, water distribution and  
8           purification facilities, storm water drainage and retention  
9           facilities, and sewage treatment facilities, resulting from a  
10          State or federally declared disaster in Illinois or bordering  
11          Illinois when such repairs are initiated on facilities located  
12          in the declared disaster area within 6 months after the  
13          disaster.

14          (20) Beginning July 1, 1999, game or game birds sold at a  
15          "game breeding and hunting preserve area" as that term is used  
16          in the Wildlife Code. This paragraph is exempt from the  
17          provisions of Section 3-55.

18          (21) A motor vehicle, as that term is defined in Section  
19          1-146 of the Illinois Vehicle Code, that is donated to a  
20          corporation, limited liability company, society, association,  
21          foundation, or institution that is determined by the  
22          Department to be organized and operated exclusively for  
23          educational purposes. For purposes of this exemption, "a  
24          corporation, limited liability company, society, association,  
25          foundation, or institution organized and operated exclusively  
26          for educational purposes" means all tax-supported public

1 schools, private schools that offer systematic instruction in  
2 useful branches of learning by methods common to public  
3 schools and that compare favorably in their scope and  
4 intensity with the course of study presented in tax-supported  
5 schools, and vocational or technical schools or institutes  
6 organized and operated exclusively to provide a course of  
7 study of not less than 6 weeks duration and designed to prepare  
8 individuals to follow a trade or to pursue a manual,  
9 technical, mechanical, industrial, business, or commercial  
10 occupation.

11 (22) Beginning January 1, 2000, personal property,  
12 including food, purchased through fundraising events for the  
13 benefit of a public or private elementary or secondary school,  
14 a group of those schools, or one or more school districts if  
15 the events are sponsored by an entity recognized by the school  
16 district that consists primarily of volunteers and includes  
17 parents and teachers of the school children. This paragraph  
18 does not apply to fundraising events (i) for the benefit of  
19 private home instruction or (ii) for which the fundraising  
20 entity purchases the personal property sold at the events from  
21 another individual or entity that sold the property for the  
22 purpose of resale by the fundraising entity and that profits  
23 from the sale to the fundraising entity. This paragraph is  
24 exempt from the provisions of Section 3-55.

25 (23) Beginning January 1, 2000 and through December 31,  
26 2001, new or used automatic vending machines that prepare and



1 serve hot food and beverages, including coffee, soup, and  
2 other items, and replacement parts for these machines.  
3 Beginning January 1, 2002 and through June 30, 2003, machines  
4 and parts for machines used in commercial, coin-operated  
5 amusement and vending business if a use or occupation tax is  
6 paid on the gross receipts derived from the use of the  
7 commercial, coin-operated amusement and vending machines. This  
8 paragraph is exempt from the provisions of Section 3-55.

9 (24) Beginning on August 2, 2001 (the effective date of  
10 Public Act 92-227), computers and communications equipment  
11 utilized for any hospital purpose and equipment used in the  
12 diagnosis, analysis, or treatment of hospital patients sold to  
13 a lessor who leases the equipment, under a lease of one year or  
14 longer executed or in effect at the time of the purchase, to a  
15 hospital that has been issued an active tax exemption  
16 identification number by the Department under Section 1g of  
17 the Retailers' Occupation Tax Act. This paragraph is exempt  
18 from the provisions of Section 3-55.

19 (25) Beginning on August 2, 2001 (the effective date of  
20 Public Act 92-227), personal property sold to a lessor who  
21 leases the property, under a lease of one year or longer  
22 executed or in effect at the time of the purchase, to a  
23 governmental body that has been issued an active tax exemption  
24 identification number by the Department under Section 1g of  
25 the Retailers' Occupation Tax Act. This paragraph is exempt  
26 from the provisions of Section 3-55.

1           (26) Beginning on January 1, 2002 and through June 30,  
2 2016, tangible personal property purchased from an Illinois  
3 retailer by a taxpayer engaged in centralized purchasing  
4 activities in Illinois who will, upon receipt of the property  
5 in Illinois, temporarily store the property in Illinois (i)  
6 for the purpose of subsequently transporting it outside this  
7 State for use or consumption thereafter solely outside this  
8 State or (ii) for the purpose of being processed, fabricated,  
9 or manufactured into, attached to, or incorporated into other  
10 tangible personal property to be transported outside this  
11 State and thereafter used or consumed solely outside this  
12 State. The Director of Revenue shall, pursuant to rules  
13 adopted in accordance with the Illinois Administrative  
14 Procedure Act, issue a permit to any taxpayer in good standing  
15 with the Department who is eligible for the exemption under  
16 this paragraph (26). The permit issued under this paragraph  
17 (26) shall authorize the holder, to the extent and in the  
18 manner specified in the rules adopted under this Act, to  
19 purchase tangible personal property from a retailer exempt  
20 from the taxes imposed by this Act. Taxpayers shall maintain  
21 all necessary books and records to substantiate the use and  
22 consumption of all such tangible personal property outside of  
23 the State of Illinois.

24           (27) Beginning January 1, 2008, tangible personal property  
25 used in the construction or maintenance of a community water  
26 supply, as defined under Section 3.145 of the Environmental

1 Protection Act, that is operated by a not-for-profit  
2 corporation that holds a valid water supply permit issued  
3 under Title IV of the Environmental Protection Act. This  
4 paragraph is exempt from the provisions of Section 3-55.

5 (28) Tangible personal property sold to a  
6 public-facilities corporation, as described in Section  
7 11-65-10 of the Illinois Municipal Code, for purposes of  
8 constructing or furnishing a municipal convention hall, but  
9 only if the legal title to the municipal convention hall is  
10 transferred to the municipality without any further  
11 consideration by or on behalf of the municipality at the time  
12 of the completion of the municipal convention hall or upon the  
13 retirement or redemption of any bonds or other debt  
14 instruments issued by the public-facilities corporation in  
15 connection with the development of the municipal convention  
16 hall. This exemption includes existing public-facilities  
17 corporations as provided in Section 11-65-25 of the Illinois  
18 Municipal Code. This paragraph is exempt from the provisions  
19 of Section 3-55.

20 (29) Beginning January 1, 2010 and continuing through  
21 December 31, 2024, materials, parts, equipment, components,  
22 and furnishings incorporated into or upon an aircraft as part  
23 of the modification, refurbishment, completion, replacement,  
24 repair, or maintenance of the aircraft. This exemption  
25 includes consumable supplies used in the modification,  
26 refurbishment, completion, replacement, repair, and

1 maintenance of aircraft, but excludes any materials, parts,  
2 equipment, components, and consumable supplies used in the  
3 modification, replacement, repair, and maintenance of aircraft  
4 engines or power plants, whether such engines or power plants  
5 are installed or uninstalled upon any such aircraft.  
6 "Consumable supplies" include, but are not limited to,  
7 adhesive, tape, sandpaper, general purpose lubricants,  
8 cleaning solution, latex gloves, and protective films. This  
9 exemption applies only to the transfer of qualifying tangible  
10 personal property incident to the modification, refurbishment,  
11 completion, replacement, repair, or maintenance of an aircraft  
12 by persons who (i) hold an Air Agency Certificate and are  
13 empowered to operate an approved repair station by the Federal  
14 Aviation Administration, (ii) have a Class IV Rating, and  
15 (iii) conduct operations in accordance with Part 145 of the  
16 Federal Aviation Regulations. The exemption does not include  
17 aircraft operated by a commercial air carrier providing  
18 scheduled passenger air service pursuant to authority issued  
19 under Part 121 or Part 129 of the Federal Aviation  
20 Regulations. The changes made to this paragraph (29) by Public  
21 Act 98-534 are declarative of existing law. It is the intent of  
22 the General Assembly that the exemption under this paragraph  
23 (29) applies continuously from January 1, 2010 through  
24 December 31, 2024; however, no claim for credit or refund is  
25 allowed for taxes paid as a result of the disallowance of this  
26 exemption on or after January 1, 2015 and prior to the

1 effective date of this amendatory Act of the 101st General  
2 Assembly.

3 (30) Beginning January 1, 2017 and through December 31,  
4 2026, menstrual pads, tampons, and menstrual cups.

5 (31) Tangible personal property transferred to a purchaser  
6 who is exempt from tax by operation of federal law. This  
7 paragraph is exempt from the provisions of Section 3-55.

8 (32) Qualified tangible personal property used in the  
9 construction or operation of a data center that has been  
10 granted a certificate of exemption by the Department of  
11 Commerce and Economic Opportunity, whether that tangible  
12 personal property is purchased by the owner, operator, or  
13 tenant of the data center or by a contractor or subcontractor  
14 of the owner, operator, or tenant. Data centers that would  
15 have qualified for a certificate of exemption prior to January  
16 1, 2020 had this amendatory Act of the 101st General Assembly  
17 been in effect, may apply for and obtain an exemption for  
18 subsequent purchases of computer equipment or enabling  
19 software purchased or leased to upgrade, supplement, or  
20 replace computer equipment or enabling software purchased or  
21 leased in the original investment that would have qualified.

22 The Department of Commerce and Economic Opportunity shall  
23 grant a certificate of exemption under this item (32) to  
24 qualified data centers as defined by Section 605-1025 of the  
25 Department of Commerce and Economic Opportunity Law of the  
26 Civil Administrative Code of Illinois.

1 For the purposes of this item (32):

2 "Data center" means a building or a series of  
3 buildings rehabilitated or constructed to house working  
4 servers in one physical location or multiple sites within  
5 the State of Illinois.

6 "Qualified tangible personal property" means:  
7 electrical systems and equipment; climate control and  
8 chilling equipment and systems; mechanical systems and  
9 equipment; monitoring and secure systems; emergency  
10 generators; hardware; computers; servers; data storage  
11 devices; network connectivity equipment; racks; cabinets;  
12 telecommunications cabling infrastructure; raised floor  
13 systems; peripheral components or systems; software;  
14 mechanical, electrical, or plumbing systems; battery  
15 systems; cooling systems and towers; temperature control  
16 systems; other cabling; and other data center  
17 infrastructure equipment and systems necessary to operate  
18 qualified tangible personal property, including fixtures;  
19 and component parts of any of the foregoing, including  
20 installation, maintenance, repair, refurbishment, and  
21 replacement of qualified tangible personal property to  
22 generate, transform, transmit, distribute, or manage  
23 electricity necessary to operate qualified tangible  
24 personal property; and all other tangible personal  
25 property that is essential to the operations of a computer  
26 data center. The term "qualified tangible personal

1 property" also includes building materials physically  
2 incorporated in to the qualifying data center. To document  
3 the exemption allowed under this Section, the retailer  
4 must obtain from the purchaser a copy of the certificate  
5 of eligibility issued by the Department of Commerce and  
6 Economic Opportunity.

7 This item (32) is exempt from the provisions of Section  
8 3-55.

9 (33) Diapers, baby wipes, and infant formula. This item  
10 (33) is exempt from the provisions of Section 3-55.

11 (Source: P.A. 101-31, eff. 6-28-19; 101-81, eff. 7-12-19;  
12 101-629, eff. 2-5-20; 102-16, eff. 6-17-21.)

13 Section 20. The Retailers' Occupation Tax Act is amended  
14 by changing Section 2-5 as follows:

15 (35 ILCS 120/2-5)

16 Sec. 2-5. Exemptions. Gross receipts from proceeds from  
17 the sale of the following tangible personal property are  
18 exempt from the tax imposed by this Act:

19 (1) Farm chemicals.

20 (2) Farm machinery and equipment, both new and used,  
21 including that manufactured on special order, certified by  
22 the purchaser to be used primarily for production  
23 agriculture or State or federal agricultural programs,  
24 including individual replacement parts for the machinery

1 and equipment, including machinery and equipment purchased  
2 for lease, and including implements of husbandry defined  
3 in Section 1-130 of the Illinois Vehicle Code, farm  
4 machinery and agricultural chemical and fertilizer  
5 spreaders, and nurse wagons required to be registered  
6 under Section 3-809 of the Illinois Vehicle Code, but  
7 excluding other motor vehicles required to be registered  
8 under the Illinois Vehicle Code. Horticultural polyhouses  
9 or hoop houses used for propagating, growing, or  
10 overwintering plants shall be considered farm machinery  
11 and equipment under this item (2). Agricultural chemical  
12 tender tanks and dry boxes shall include units sold  
13 separately from a motor vehicle required to be licensed  
14 and units sold mounted on a motor vehicle required to be  
15 licensed, if the selling price of the tender is separately  
16 stated.

17 Farm machinery and equipment shall include precision  
18 farming equipment that is installed or purchased to be  
19 installed on farm machinery and equipment including, but  
20 not limited to, tractors, harvesters, sprayers, planters,  
21 seeders, or spreaders. Precision farming equipment  
22 includes, but is not limited to, soil testing sensors,  
23 computers, monitors, software, global positioning and  
24 mapping systems, and other such equipment.

25 Farm machinery and equipment also includes computers,  
26 sensors, software, and related equipment used primarily in



1 the computer-assisted operation of production agriculture  
2 facilities, equipment, and activities such as, but not  
3 limited to, the collection, monitoring, and correlation of  
4 animal and crop data for the purpose of formulating animal  
5 diets and agricultural chemicals. This item (2) is exempt  
6 from the provisions of Section 2-70.

7 (3) Until July 1, 2003, distillation machinery and  
8 equipment, sold as a unit or kit, assembled or installed  
9 by the retailer, certified by the user to be used only for  
10 the production of ethyl alcohol that will be used for  
11 consumption as motor fuel or as a component of motor fuel  
12 for the personal use of the user, and not subject to sale  
13 or resale.

14 (4) Until July 1, 2003 and beginning again September  
15 1, 2004 through August 30, 2014, graphic arts machinery  
16 and equipment, including repair and replacement parts,  
17 both new and used, and including that manufactured on  
18 special order or purchased for lease, certified by the  
19 purchaser to be used primarily for graphic arts  
20 production. Equipment includes chemicals or chemicals  
21 acting as catalysts but only if the chemicals or chemicals  
22 acting as catalysts effect a direct and immediate change  
23 upon a graphic arts product. Beginning on July 1, 2017,  
24 graphic arts machinery and equipment is included in the  
25 manufacturing and assembling machinery and equipment  
26 exemption under paragraph (14).

1           (5) A motor vehicle that is used for automobile  
2           renting, as defined in the Automobile Renting Occupation  
3           and Use Tax Act. This paragraph is exempt from the  
4           provisions of Section 2-70.

5           (6) Personal property sold by a teacher-sponsored  
6           student organization affiliated with an elementary or  
7           secondary school located in Illinois.

8           (7) Until July 1, 2003, proceeds of that portion of  
9           the selling price of a passenger car the sale of which is  
10          subject to the Replacement Vehicle Tax.

11          (8) Personal property sold to an Illinois county fair  
12          association for use in conducting, operating, or promoting  
13          the county fair.

14          (9) Personal property sold to a not-for-profit arts or  
15          cultural organization that establishes, by proof required  
16          by the Department by rule, that it has received an  
17          exemption under Section 501(c)(3) of the Internal Revenue  
18          Code and that is organized and operated primarily for the  
19          presentation or support of arts or cultural programming,  
20          activities, or services. These organizations include, but  
21          are not limited to, music and dramatic arts organizations  
22          such as symphony orchestras and theatrical groups, arts  
23          and cultural service organizations, local arts councils,  
24          visual arts organizations, and media arts organizations.  
25          On and after July 1, 2001 (the effective date of Public Act  
26          92-35), however, an entity otherwise eligible for this

1 exemption shall not make tax-free purchases unless it has  
2 an active identification number issued by the Department.

3 (10) Personal property sold by a corporation, society,  
4 association, foundation, institution, or organization,  
5 other than a limited liability company, that is organized  
6 and operated as a not-for-profit service enterprise for  
7 the benefit of persons 65 years of age or older if the  
8 personal property was not purchased by the enterprise for  
9 the purpose of resale by the enterprise.

10 (11) Personal property sold to a governmental body, to  
11 a corporation, society, association, foundation, or  
12 institution organized and operated exclusively for  
13 charitable, religious, or educational purposes, or to a  
14 not-for-profit corporation, society, association,  
15 foundation, institution, or organization that has no  
16 compensated officers or employees and that is organized  
17 and operated primarily for the recreation of persons 55  
18 years of age or older. A limited liability company may  
19 qualify for the exemption under this paragraph only if the  
20 limited liability company is organized and operated  
21 exclusively for educational purposes. On and after July 1,  
22 1987, however, no entity otherwise eligible for this  
23 exemption shall make tax-free purchases unless it has an  
24 active identification number issued by the Department.

25 (12) (Blank).

26 (12-5) On and after July 1, 2003 and through June 30,

1           2004, motor vehicles of the second division with a gross  
2           vehicle weight in excess of 8,000 pounds that are subject  
3           to the commercial distribution fee imposed under Section  
4           3-815.1 of the Illinois Vehicle Code. Beginning on July 1,  
5           2004 and through June 30, 2005, the use in this State of  
6           motor vehicles of the second division: (i) with a gross  
7           vehicle weight rating in excess of 8,000 pounds; (ii) that  
8           are subject to the commercial distribution fee imposed  
9           under Section 3-815.1 of the Illinois Vehicle Code; and  
10          (iii) that are primarily used for commercial purposes.  
11          Through June 30, 2005, this exemption applies to repair  
12          and replacement parts added after the initial purchase of  
13          such a motor vehicle if that motor vehicle is used in a  
14          manner that would qualify for the rolling stock exemption  
15          otherwise provided for in this Act. For purposes of this  
16          paragraph, "used for commercial purposes" means the  
17          transportation of persons or property in furtherance of  
18          any commercial or industrial enterprise whether for-hire  
19          or not.

20               (13) Proceeds from sales to owners, lessors, or  
21               shippers of tangible personal property that is utilized by  
22               interstate carriers for hire for use as rolling stock  
23               moving in interstate commerce and equipment operated by a  
24               telecommunications provider, licensed as a common carrier  
25               by the Federal Communications Commission, which is  
26               permanently installed in or affixed to aircraft moving in

1 interstate commerce.

2 (14) Machinery and equipment that will be used by the  
3 purchaser, or a lessee of the purchaser, primarily in the  
4 process of manufacturing or assembling tangible personal  
5 property for wholesale or retail sale or lease, whether  
6 the sale or lease is made directly by the manufacturer or  
7 by some other person, whether the materials used in the  
8 process are owned by the manufacturer or some other  
9 person, or whether the sale or lease is made apart from or  
10 as an incident to the seller's engaging in the service  
11 occupation of producing machines, tools, dies, jigs,  
12 patterns, gauges, or other similar items of no commercial  
13 value on special order for a particular purchaser. The  
14 exemption provided by this paragraph (14) does not include  
15 machinery and equipment used in (i) the generation of  
16 electricity for wholesale or retail sale; (ii) the  
17 generation or treatment of natural or artificial gas for  
18 wholesale or retail sale that is delivered to customers  
19 through pipes, pipelines, or mains; or (iii) the treatment  
20 of water for wholesale or retail sale that is delivered to  
21 customers through pipes, pipelines, or mains. The  
22 provisions of Public Act 98-583 are declaratory of  
23 existing law as to the meaning and scope of this  
24 exemption. Beginning on July 1, 2017, the exemption  
25 provided by this paragraph (14) includes, but is not  
26 limited to, graphic arts machinery and equipment, as

1 defined in paragraph (4) of this Section.

2 (15) Proceeds of mandatory service charges separately  
3 stated on customers' bills for purchase and consumption of  
4 food and beverages, to the extent that the proceeds of the  
5 service charge are in fact turned over as tips or as a  
6 substitute for tips to the employees who participate  
7 directly in preparing, serving, hosting or cleaning up the  
8 food or beverage function with respect to which the  
9 service charge is imposed.

10 (16) Tangible personal property sold to a purchaser if  
11 the purchaser is exempt from use tax by operation of  
12 federal law. This paragraph is exempt from the provisions  
13 of Section 2-70.

14 (17) Tangible personal property sold to a common  
15 carrier by rail or motor that receives the physical  
16 possession of the property in Illinois and that transports  
17 the property, or shares with another common carrier in the  
18 transportation of the property, out of Illinois on a  
19 standard uniform bill of lading showing the seller of the  
20 property as the shipper or consignor of the property to a  
21 destination outside Illinois, for use outside Illinois.

22 (18) Legal tender, currency, medallions, or gold or  
23 silver coinage issued by the State of Illinois, the  
24 government of the United States of America, or the  
25 government of any foreign country, and bullion.

26 (19) Until July 1, 2003, oil field exploration,

1 drilling, and production equipment, including (i) rigs and  
2 parts of rigs, rotary rigs, cable tool rigs, and workover  
3 rigs, (ii) pipe and tubular goods, including casing and  
4 drill strings, (iii) pumps and pump-jack units, (iv)  
5 storage tanks and flow lines, (v) any individual  
6 replacement part for oil field exploration, drilling, and  
7 production equipment, and (vi) machinery and equipment  
8 purchased for lease; but excluding motor vehicles required  
9 to be registered under the Illinois Vehicle Code.

10 (20) Photoprocessing machinery and equipment,  
11 including repair and replacement parts, both new and used,  
12 including that manufactured on special order, certified by  
13 the purchaser to be used primarily for photoprocessing,  
14 and including photoprocessing machinery and equipment  
15 purchased for lease.

16 (21) Until July 1, 2023, coal and aggregate  
17 exploration, mining, off-highway hauling, processing,  
18 maintenance, and reclamation equipment, including  
19 replacement parts and equipment, and including equipment  
20 purchased for lease, but excluding motor vehicles required  
21 to be registered under the Illinois Vehicle Code. The  
22 changes made to this Section by Public Act 97-767 apply on  
23 and after July 1, 2003, but no claim for credit or refund  
24 is allowed on or after August 16, 2013 (the effective date  
25 of Public Act 98-456) for such taxes paid during the  
26 period beginning July 1, 2003 and ending on August 16,

1 2013 (the effective date of Public Act 98-456).

2 (22) Until June 30, 2013, fuel and petroleum products  
3 sold to or used by an air carrier, certified by the carrier  
4 to be used for consumption, shipment, or storage in the  
5 conduct of its business as an air common carrier, for a  
6 flight destined for or returning from a location or  
7 locations outside the United States without regard to  
8 previous or subsequent domestic stopovers.

9 Beginning July 1, 2013, fuel and petroleum products  
10 sold to or used by an air carrier, certified by the carrier  
11 to be used for consumption, shipment, or storage in the  
12 conduct of its business as an air common carrier, for a  
13 flight that (i) is engaged in foreign trade or is engaged  
14 in trade between the United States and any of its  
15 possessions and (ii) transports at least one individual or  
16 package for hire from the city of origination to the city  
17 of final destination on the same aircraft, without regard  
18 to a change in the flight number of that aircraft.

19 (23) A transaction in which the purchase order is  
20 received by a florist who is located outside Illinois, but  
21 who has a florist located in Illinois deliver the property  
22 to the purchaser or the purchaser's donee in Illinois.

23 (24) Fuel consumed or used in the operation of ships,  
24 barges, or vessels that are used primarily in or for the  
25 transportation of property or the conveyance of persons  
26 for hire on rivers bordering on this State if the fuel is



1 delivered by the seller to the purchaser's barge, ship, or  
2 vessel while it is afloat upon that bordering river.

3 (25) Except as provided in item (25-5) of this  
4 Section, a motor vehicle sold in this State to a  
5 nonresident even though the motor vehicle is delivered to  
6 the nonresident in this State, if the motor vehicle is not  
7 to be titled in this State, and if a drive-away permit is  
8 issued to the motor vehicle as provided in Section 3-603  
9 of the Illinois Vehicle Code or if the nonresident  
10 purchaser has vehicle registration plates to transfer to  
11 the motor vehicle upon returning to his or her home state.  
12 The issuance of the drive-away permit or having the  
13 out-of-state registration plates to be transferred is  
14 prima facie evidence that the motor vehicle will not be  
15 titled in this State.

16 (25-5) The exemption under item (25) does not apply if  
17 the state in which the motor vehicle will be titled does  
18 not allow a reciprocal exemption for a motor vehicle sold  
19 and delivered in that state to an Illinois resident but  
20 titled in Illinois. The tax collected under this Act on  
21 the sale of a motor vehicle in this State to a resident of  
22 another state that does not allow a reciprocal exemption  
23 shall be imposed at a rate equal to the state's rate of tax  
24 on taxable property in the state in which the purchaser is  
25 a resident, except that the tax shall not exceed the tax  
26 that would otherwise be imposed under this Act. At the

1 time of the sale, the purchaser shall execute a statement,  
2 signed under penalty of perjury, of his or her intent to  
3 title the vehicle in the state in which the purchaser is a  
4 resident within 30 days after the sale and of the fact of  
5 the payment to the State of Illinois of tax in an amount  
6 equivalent to the state's rate of tax on taxable property  
7 in his or her state of residence and shall submit the  
8 statement to the appropriate tax collection agency in his  
9 or her state of residence. In addition, the retailer must  
10 retain a signed copy of the statement in his or her  
11 records. Nothing in this item shall be construed to  
12 require the removal of the vehicle from this state  
13 following the filing of an intent to title the vehicle in  
14 the purchaser's state of residence if the purchaser titles  
15 the vehicle in his or her state of residence within 30 days  
16 after the date of sale. The tax collected under this Act in  
17 accordance with this item (25-5) shall be proportionately  
18 distributed as if the tax were collected at the 6.25%  
19 general rate imposed under this Act.

20 (25-7) Beginning on July 1, 2007, no tax is imposed  
21 under this Act on the sale of an aircraft, as defined in  
22 Section 3 of the Illinois Aeronautics Act, if all of the  
23 following conditions are met:

24 (1) the aircraft leaves this State within 15 days  
25 after the later of either the issuance of the final  
26 billing for the sale of the aircraft, or the

1 authorized approval for return to service, completion  
2 of the maintenance record entry, and completion of the  
3 test flight and ground test for inspection, as  
4 required by 14 C.F.R. 91.407;

5 (2) the aircraft is not based or registered in  
6 this State after the sale of the aircraft; and

7 (3) the seller retains in his or her books and  
8 records and provides to the Department a signed and  
9 dated certification from the purchaser, on a form  
10 prescribed by the Department, certifying that the  
11 requirements of this item (25-7) are met. The  
12 certificate must also include the name and address of  
13 the purchaser, the address of the location where the  
14 aircraft is to be titled or registered, the address of  
15 the primary physical location of the aircraft, and  
16 other information that the Department may reasonably  
17 require.

18 For purposes of this item (25-7):

19 "Based in this State" means hangared, stored, or  
20 otherwise used, excluding post-sale customizations as  
21 defined in this Section, for 10 or more days in each  
22 12-month period immediately following the date of the sale  
23 of the aircraft.

24 "Registered in this State" means an aircraft  
25 registered with the Department of Transportation,  
26 Aeronautics Division, or titled or registered with the

1 Federal Aviation Administration to an address located in  
2 this State.

3 This paragraph (25-7) is exempt from the provisions of  
4 Section 2-70.

5 (26) Semen used for artificial insemination of  
6 livestock for direct agricultural production.

7 (27) Horses, or interests in horses, registered with  
8 and meeting the requirements of any of the Arabian Horse  
9 Club Registry of America, Appaloosa Horse Club, American  
10 Quarter Horse Association, United States Trotting  
11 Association, or Jockey Club, as appropriate, used for  
12 purposes of breeding or racing for prizes. This item (27)  
13 is exempt from the provisions of Section 2-70, and the  
14 exemption provided for under this item (27) applies for  
15 all periods beginning May 30, 1995, but no claim for  
16 credit or refund is allowed on or after January 1, 2008  
17 (the effective date of Public Act 95-88) for such taxes  
18 paid during the period beginning May 30, 2000 and ending  
19 on January 1, 2008 (the effective date of Public Act  
20 95-88).

21 (28) Computers and communications equipment utilized  
22 for any hospital purpose and equipment used in the  
23 diagnosis, analysis, or treatment of hospital patients  
24 sold to a lessor who leases the equipment, under a lease of  
25 one year or longer executed or in effect at the time of the  
26 purchase, to a hospital that has been issued an active tax

1 exemption identification number by the Department under  
2 Section 1g of this Act.

3 (29) Personal property sold to a lessor who leases the  
4 property, under a lease of one year or longer executed or  
5 in effect at the time of the purchase, to a governmental  
6 body that has been issued an active tax exemption  
7 identification number by the Department under Section 1g  
8 of this Act.

9 (30) Beginning with taxable years ending on or after  
10 December 31, 1995 and ending with taxable years ending on  
11 or before December 31, 2004, personal property that is  
12 donated for disaster relief to be used in a State or  
13 federally declared disaster area in Illinois or bordering  
14 Illinois by a manufacturer or retailer that is registered  
15 in this State to a corporation, society, association,  
16 foundation, or institution that has been issued a sales  
17 tax exemption identification number by the Department that  
18 assists victims of the disaster who reside within the  
19 declared disaster area.

20 (31) Beginning with taxable years ending on or after  
21 December 31, 1995 and ending with taxable years ending on  
22 or before December 31, 2004, personal property that is  
23 used in the performance of infrastructure repairs in this  
24 State, including but not limited to municipal roads and  
25 streets, access roads, bridges, sidewalks, waste disposal  
26 systems, water and sewer line extensions, water

1 distribution and purification facilities, storm water  
2 drainage and retention facilities, and sewage treatment  
3 facilities, resulting from a State or federally declared  
4 disaster in Illinois or bordering Illinois when such  
5 repairs are initiated on facilities located in the  
6 declared disaster area within 6 months after the disaster.

7 (32) Beginning July 1, 1999, game or game birds sold  
8 at a "game breeding and hunting preserve area" as that  
9 term is used in the Wildlife Code. This paragraph is  
10 exempt from the provisions of Section 2-70.

11 (33) A motor vehicle, as that term is defined in  
12 Section 1-146 of the Illinois Vehicle Code, that is  
13 donated to a corporation, limited liability company,  
14 society, association, foundation, or institution that is  
15 determined by the Department to be organized and operated  
16 exclusively for educational purposes. For purposes of this  
17 exemption, "a corporation, limited liability company,  
18 society, association, foundation, or institution organized  
19 and operated exclusively for educational purposes" means  
20 all tax-supported public schools, private schools that  
21 offer systematic instruction in useful branches of  
22 learning by methods common to public schools and that  
23 compare favorably in their scope and intensity with the  
24 course of study presented in tax-supported schools, and  
25 vocational or technical schools or institutes organized  
26 and operated exclusively to provide a course of study of

1 not less than 6 weeks duration and designed to prepare  
2 individuals to follow a trade or to pursue a manual,  
3 technical, mechanical, industrial, business, or commercial  
4 occupation.

5 (34) Beginning January 1, 2000, personal property,  
6 including food, purchased through fundraising events for  
7 the benefit of a public or private elementary or secondary  
8 school, a group of those schools, or one or more school  
9 districts if the events are sponsored by an entity  
10 recognized by the school district that consists primarily  
11 of volunteers and includes parents and teachers of the  
12 school children. This paragraph does not apply to  
13 fundraising events (i) for the benefit of private home  
14 instruction or (ii) for which the fundraising entity  
15 purchases the personal property sold at the events from  
16 another individual or entity that sold the property for  
17 the purpose of resale by the fundraising entity and that  
18 profits from the sale to the fundraising entity. This  
19 paragraph is exempt from the provisions of Section 2-70.

20 (35) Beginning January 1, 2000 and through December  
21 31, 2001, new or used automatic vending machines that  
22 prepare and serve hot food and beverages, including  
23 coffee, soup, and other items, and replacement parts for  
24 these machines. Beginning January 1, 2002 and through June  
25 30, 2003, machines and parts for machines used in  
26 commercial, coin-operated amusement and vending business

1 if a use or occupation tax is paid on the gross receipts  
2 derived from the use of the commercial, coin-operated  
3 amusement and vending machines. This paragraph is exempt  
4 from the provisions of Section 2-70.

5 (35-5) Beginning August 23, 2001 and through June 30,  
6 2016, food for human consumption that is to be consumed  
7 off the premises where it is sold (other than alcoholic  
8 beverages, soft drinks, and food that has been prepared  
9 for immediate consumption) and prescription and  
10 nonprescription medicines, drugs, medical appliances, and  
11 insulin, urine testing materials, syringes, and needles  
12 used by diabetics, for human use, when purchased for use  
13 by a person receiving medical assistance under Article V  
14 of the Illinois Public Aid Code who resides in a licensed  
15 long-term care facility, as defined in the Nursing Home  
16 Care Act, or a licensed facility as defined in the ID/DD  
17 Community Care Act, the MC/DD Act, or the Specialized  
18 Mental Health Rehabilitation Act of 2013.

19 (36) Beginning August 2, 2001, computers and  
20 communications equipment utilized for any hospital purpose  
21 and equipment used in the diagnosis, analysis, or  
22 treatment of hospital patients sold to a lessor who leases  
23 the equipment, under a lease of one year or longer  
24 executed or in effect at the time of the purchase, to a  
25 hospital that has been issued an active tax exemption  
26 identification number by the Department under Section 1g



1 of this Act. This paragraph is exempt from the provisions  
2 of Section 2-70.

3 (37) Beginning August 2, 2001, personal property sold  
4 to a lessor who leases the property, under a lease of one  
5 year or longer executed or in effect at the time of the  
6 purchase, to a governmental body that has been issued an  
7 active tax exemption identification number by the  
8 Department under Section 1g of this Act. This paragraph is  
9 exempt from the provisions of Section 2-70.

10 (38) Beginning on January 1, 2002 and through June 30,  
11 2016, tangible personal property purchased from an  
12 Illinois retailer by a taxpayer engaged in centralized  
13 purchasing activities in Illinois who will, upon receipt  
14 of the property in Illinois, temporarily store the  
15 property in Illinois (i) for the purpose of subsequently  
16 transporting it outside this State for use or consumption  
17 thereafter solely outside this State or (ii) for the  
18 purpose of being processed, fabricated, or manufactured  
19 into, attached to, or incorporated into other tangible  
20 personal property to be transported outside this State and  
21 thereafter used or consumed solely outside this State. The  
22 Director of Revenue shall, pursuant to rules adopted in  
23 accordance with the Illinois Administrative Procedure Act,  
24 issue a permit to any taxpayer in good standing with the  
25 Department who is eligible for the exemption under this  
26 paragraph (38). The permit issued under this paragraph

1 (38) shall authorize the holder, to the extent and in the  
2 manner specified in the rules adopted under this Act, to  
3 purchase tangible personal property from a retailer exempt  
4 from the taxes imposed by this Act. Taxpayers shall  
5 maintain all necessary books and records to substantiate  
6 the use and consumption of all such tangible personal  
7 property outside of the State of Illinois.

8 (39) Beginning January 1, 2008, tangible personal  
9 property used in the construction or maintenance of a  
10 community water supply, as defined under Section 3.145 of  
11 the Environmental Protection Act, that is operated by a  
12 not-for-profit corporation that holds a valid water supply  
13 permit issued under Title IV of the Environmental  
14 Protection Act. This paragraph is exempt from the  
15 provisions of Section 2-70.

16 (40) Beginning January 1, 2010 and continuing through  
17 December 31, 2024, materials, parts, equipment,  
18 components, and furnishings incorporated into or upon an  
19 aircraft as part of the modification, refurbishment,  
20 completion, replacement, repair, or maintenance of the  
21 aircraft. This exemption includes consumable supplies used  
22 in the modification, refurbishment, completion,  
23 replacement, repair, and maintenance of aircraft, but  
24 excludes any materials, parts, equipment, components, and  
25 consumable supplies used in the modification, replacement,  
26 repair, and maintenance of aircraft engines or power

1 plants, whether such engines or power plants are installed  
2 or uninstalled upon any such aircraft. "Consumable  
3 supplies" include, but are not limited to, adhesive, tape,  
4 sandpaper, general purpose lubricants, cleaning solution,  
5 latex gloves, and protective films. This exemption applies  
6 only to the sale of qualifying tangible personal property  
7 to persons who modify, refurbish, complete, replace, or  
8 maintain an aircraft and who (i) hold an Air Agency  
9 Certificate and are empowered to operate an approved  
10 repair station by the Federal Aviation Administration,  
11 (ii) have a Class IV Rating, and (iii) conduct operations  
12 in accordance with Part 145 of the Federal Aviation  
13 Regulations. The exemption does not include aircraft  
14 operated by a commercial air carrier providing scheduled  
15 passenger air service pursuant to authority issued under  
16 Part 121 or Part 129 of the Federal Aviation Regulations.  
17 The changes made to this paragraph (40) by Public Act  
18 98-534 are declarative of existing law. It is the intent  
19 of the General Assembly that the exemption under this  
20 paragraph (40) applies continuously from January 1, 2010  
21 through December 31, 2024; however, no claim for credit or  
22 refund is allowed for taxes paid as a result of the  
23 disallowance of this exemption on or after January 1, 2015  
24 and prior to the effective date of this amendatory Act of  
25 the 101st General Assembly.

26 (41) Tangible personal property sold to a

1 public-facilities corporation, as described in Section  
2 11-65-10 of the Illinois Municipal Code, for purposes of  
3 constructing or furnishing a municipal convention hall,  
4 but only if the legal title to the municipal convention  
5 hall is transferred to the municipality without any  
6 further consideration by or on behalf of the municipality  
7 at the time of the completion of the municipal convention  
8 hall or upon the retirement or redemption of any bonds or  
9 other debt instruments issued by the public-facilities  
10 corporation in connection with the development of the  
11 municipal convention hall. This exemption includes  
12 existing public-facilities corporations as provided in  
13 Section 11-65-25 of the Illinois Municipal Code. This  
14 paragraph is exempt from the provisions of Section 2-70.

15 (42) Beginning January 1, 2017 and through December  
16 31, 2026, menstrual pads, tampons, and menstrual cups.

17 (43) Merchandise that is subject to the Rental  
18 Purchase Agreement Occupation and Use Tax. The purchaser  
19 must certify that the item is purchased to be rented  
20 subject to a rental purchase agreement, as defined in the  
21 Rental Purchase Agreement Act, and provide proof of  
22 registration under the Rental Purchase Agreement  
23 Occupation and Use Tax Act. This paragraph is exempt from  
24 the provisions of Section 2-70.

25 (44) Qualified tangible personal property used in the  
26 construction or operation of a data center that has been

1 granted a certificate of exemption by the Department of  
2 Commerce and Economic Opportunity, whether that tangible  
3 personal property is purchased by the owner, operator, or  
4 tenant of the data center or by a contractor or  
5 subcontractor of the owner, operator, or tenant. Data  
6 centers that would have qualified for a certificate of  
7 exemption prior to January 1, 2020 had this amendatory Act  
8 of the 101st General Assembly been in effect, may apply  
9 for and obtain an exemption for subsequent purchases of  
10 computer equipment or enabling software purchased or  
11 leased to upgrade, supplement, or replace computer  
12 equipment or enabling software purchased or leased in the  
13 original investment that would have qualified.

14 The Department of Commerce and Economic Opportunity  
15 shall grant a certificate of exemption under this item  
16 (44) to qualified data centers as defined by Section  
17 605-1025 of the Department of Commerce and Economic  
18 Opportunity Law of the Civil Administrative Code of  
19 Illinois.

20 For the purposes of this item (44):

21 "Data center" means a building or a series of  
22 buildings rehabilitated or constructed to house  
23 working servers in one physical location or multiple  
24 sites within the State of Illinois.

25 "Qualified tangible personal property" means:  
26 electrical systems and equipment; climate control and

1 chilling equipment and systems; mechanical systems and  
2 equipment; monitoring and secure systems; emergency  
3 generators; hardware; computers; servers; data storage  
4 devices; network connectivity equipment; racks;  
5 cabinets; telecommunications cabling infrastructure;  
6 raised floor systems; peripheral components or  
7 systems; software; mechanical, electrical, or plumbing  
8 systems; battery systems; cooling systems and towers;  
9 temperature control systems; other cabling; and other  
10 data center infrastructure equipment and systems  
11 necessary to operate qualified tangible personal  
12 property, including fixtures; and component parts of  
13 any of the foregoing, including installation,  
14 maintenance, repair, refurbishment, and replacement of  
15 qualified tangible personal property to generate,  
16 transform, transmit, distribute, or manage electricity  
17 necessary to operate qualified tangible personal  
18 property; and all other tangible personal property  
19 that is essential to the operations of a computer data  
20 center. The term "qualified tangible personal  
21 property" also includes building materials physically  
22 incorporated into ~~in to~~ the qualifying data center. To  
23 document the exemption allowed under this Section, the  
24 retailer must obtain from the purchaser a copy of the  
25 certificate of eligibility issued by the Department of  
26 Commerce and Economic Opportunity.

1           This item (44) is exempt from the provisions of  
2           Section 2-70.

3           (45) Beginning January 1, 2020 and through December  
4           31, 2020, sales of tangible personal property made by a  
5           marketplace seller over a marketplace for which tax is due  
6           under this Act but for which use tax has been collected and  
7           remitted to the Department by a marketplace facilitator  
8           under Section 2d of the Use Tax Act are exempt from tax  
9           under this Act. A marketplace seller claiming this  
10          exemption shall maintain books and records demonstrating  
11          that the use tax on such sales has been collected and  
12          remitted by a marketplace facilitator. Marketplace sellers  
13          that have properly remitted tax under this Act on such  
14          sales may file a claim for credit as provided in Section 6  
15          of this Act. No claim is allowed, however, for such taxes  
16          for which a credit or refund has been issued to the  
17          marketplace facilitator under the Use Tax Act, or for  
18          which the marketplace facilitator has filed a claim for  
19          credit or refund under the Use Tax Act.

20          (46) Diapers, baby wipes, and infant formula. This  
21          item (46) is exempt from the provisions of Section 2-70.

22          (Source: P.A. 101-31, eff. 6-28-19; 101-81, eff. 7-12-19;  
23          101-629, eff. 2-5-20; 102-16, eff. 6-17-21; 102-634, eff.  
24          8-27-21; revised 11-9-21.)